CITY OF RYE, NEW YORK

2005 Financial Trends Report

Fiscal Years Ended December 31, 1996 through 2005

July 7, 2006

CITY OF RYE, NEW YORK

2005 Financial Trends Report

Fiscal Years Ended December 31
1996 through 2005

Published by
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July 7, 2006

O. Paul Shew
CITY MANAGER

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CITY COMPTROLLER

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CITY OF RYE
Department of Finance

TRANSMITTAL LETTER

July 7, 2006

To the Honorable Mayor, City Council and City Manager of the City of Rye, New York:

Submitted herewith is the 2005 Financial Trends Report for the City of Rye, New York, covering the ten-year trend period for fiscal years ending December 31, 1996 through 2005.

This report consists of this transmittal letter, an introduction, an executive summary, and the graphic representation and analysis of selected financial indicators for our governmental and business-type operations. Governmental operations include those accounted for in our General Fund, Cable TV Fund, Nature Center Fund (consolidated into our General Fund in fiscal 2003), K.T. Woods Permanent Fund, and Debt Service Fund. Business-type operations are those accounted for in our two enterprise funds, the Boat Basin Fund and the Golf Club Fund.

The indicators presented herein should be taken in the context and consideration of all the indicators, the financial results supporting those indicators, and information from other sources such as our annual budget document and the annual department reports to the City Manager. No single indicator stands on its own as a representative picture of a trend. Rather, each indicator adds to the collage, which when viewed in perspective presents a fuller understanding of our general fiscal health.

We selected the indicators from publications of the International City/County Management Association ("ICMA" – http://www.icma.org/), the Government Finance Officers Association ("GFOA" – http://www.gfoa.org/), and Moody's Investors Service (http://www.moodys.com/).

Special thanks to Joe Fazzino for his assistance in preparing this report and to Carolyn Ottly for her assistance in proofreading the various drafts. We look forward to your comments and questions, and especially any suggestions you may have that might improve the reading of this report or the analysis and use of its contents.

Very truly yours,
CITY OF RYE

Michael A. Genito
Assistant City Manager
City Comptroller

INTRODUCTION

Purpose of the Financial Trends Report

The Financial Trends Report allows a user to view in graphic form the financial direction our City appears to be taking based upon key financial indicators. The report may assist in the development of budgets, forecasts, and other useful financial tools.

Evaluating the Information

This report should be viewed in its entirety, considering the individual indicators and trends represented by them as parts of a whole. No single indicator can present the complete picture. For instance, an operating deficit (where expenditures exceed revenues) by itself may appear to be a negative result. However, some deficits are planned to reduce excessive fund balance through the funding of needed or desired programs. Likewise, a stable tax rate and tax receipts may appear to be a positive trend, but when taking into account the effects of inflation, the purchasing power of those dollars may be declining. In short, do not judge any individual factor by itself.

Sources of Information

The Financial Trends Report was created using *Evaluating Financial Condition - A Handbook for Local Government* (ICMA, 2003) and a number of other accounting and financial sources as guides. The indicators selected are popular, but by no means the only indicators that can be used as tools in evaluating the financial and economic health of a community.

Financial data was taken from our comprehensive annual financial reports. Information as to the number of actual employees in service at year-end was taken from our annual budget documents. Population estimates are per the U.S. Census Bureau (http://www.census.gov/). The consumer price index used in calculating dollars adjusted for inflation is the Consumer Price Index - All Urban Consumers (Current Series), not seasonally adjusted, New York-Northern New Jersey-Long Island, NY-NJ-CT-PA for all items with a base period of 1982-1984=100, per the Bureau of Labor Statistics (http://www.bls.gov/). Equalization rates were as provided by Westchester County for New York State municipalities.

Trend Period

The trend period is a ten-year period ending with the most recently completed fiscal year. The reader is encouraged to review the trend graphs in context with the data presented, the intraperiod fluctuations, and accompanying analyses.

Numbering Conventions

All dollar figures are in U.S. dollars. Ratios are either presented as percentages (a percent of some number) or coverage (how many times to one). Where appropriate, dollar value trends are displayed in both actual amounts and in constant dollars. Constant dollars are calculated using the Consumer Price Index (CPI-U) of the first year in the ten-year trend period as the base ($1 = $1) index, and dividing each successive year's CPI-U by that base to adjust for inflation.

Operating Revenues and Expenditures

Operating revenues include all revenues except operating transfers in and "one-shot" revenues. One-shot revenues are defined as those revenues that are material in nature and unexpected or unlikely to occur again. The one-shot revenues excluded from our revenue numbers are a $180,480 gain from the foreclosure sale of 6 Ellis Court in 1996, and a $605,663 one-time state aid payment received in 1996. Operating expenditures do not include transfers out to other funds.

Funds Represented

This report consolidates governmental activities (General Fund, Cable TV Special Revenue Fund, Nature Center Special Revenue Fund, K.T. Woods Permanent Fund, and Debt Service Fund) into a single group called "general government operations", and separately reports the business-type activities – the Boat Basin Enterprise Fund and the Golf Club Enterprise Fund.

General Government Debt

General government debt includes debt that is not otherwise accounted for in the enterprise (Boat Basin and Golf Club) funds. General government debt includes debt accounted for in the Building and Vehicle Maintenance Internal Service Fund.

Considerations for Changes in Future Financial Trends Reports

The Governmental Accounting Standards Board (GASB) (http://www.gasb.org) is the authoritative accounting and financial reporting standard-setting body for state and local governments. Standards recently established by the GASB (for instance, Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*; Statement No. 44, *Economic Condition and Reporting: The Statistical Section*, and Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*) and future standards might have a significant impact on the content and format of financial trends reports going forward. Such reports might be better served with indicators and analyses based on the new government-wide statements and those found in the statistical section of the comprehensive annual financial report. Likewise, users might determine that some indicators lack utility while others currently not included would be of value.

To achieve this goal, the City's Finance Committee reviews the financial trends report at least annually to determine if changes should be incorporated. As always, we invite and encourage your questions, comments and suggestions concerning our indicators and analyses.

EXECUTIVE SUMMARY

General Government Operations

Our general government operations exhibit a trend of continued strength in both our financial position and operating results. Such results can be attributed to the City's conservative spending plans, the commitment to adhere to the City's written financial policies, and the strong dedication by City management and staff to maximizing revenues and sound purchasing decisions. The past five years have provided surprises both pleasant and unpleasant, such as continued strength in mortgage tax revenues ($1 million in 2001 vs. $2.4 million in 2005), increased sales tax revenues due to an increase in the County sales tax ($1.4 million in 2001 vs. $1.9 million in 2005), and dramatic increases in the City's required retirement contributions, from **$**31,000 in 2001 to $1.3 million in 2005**.** The lead time provided to us concerning such responses can be anywhere from non-existent to perhaps a year, but in any event present a challenge to evaluating trends in the context of planning for the future.

The State of New York 2005-2006 budget enacted an "Aid and Incentives for Municipalities" (AIM) program that requires us to prepare three-year financial plans, and City management and staff have begun discussion on developing more effective, outcome-based budgets. These developments enhance the value of a financial trends report, because we must first know where we are and how we got here to know where we want to go and how long it takes to get there.

Our liquidity ratio and current ratio are both on positive upward trends, each of them well above their target levels. At year-end 2005 these ratios reached the highest level in the ten-year trend period. Current liabilities to net operating revenues also show a positive trend, with 2005 being the lowest level of the ten-year trend period. These indicators show that currently available funds are sufficient to meet immediate expenditures. Undesignated fund balance to net operating revenues has remained at least twice its 5% target for the entire trend period, the result of balanced budgets and a judicious use of fund balance.

The spread between our operating revenues and expenditures has increased over the trend period, a trend we should maintain with continued good planning and management. Net operating revenues on a gross as well as per capita basis show a strong positive upward trend, and property tax revenues have grown steadily to meet rising costs. Uncollected property taxes show a flat trend with collections over the entire trend period at 99.5%. Tax liens increased to a high of 6.2% in 2001, but have since retreated to end fiscal 2005 at 1.81%. A more aggressive foreclosure process would most likely continue to bring this level down. Elastic revenues increased through 2000, but since have remained flat. We should budget our elastic revenues carefully and conservatively due to their vulnerability to economic downturns.

Net operating expenditures have also risen steadily. Fringe benefits were on a major downward trend from a high of 33% of salaries in 1996 to a low of 23% in 1999, but have since risen to 49%. By far the most significant increases in recent years can be found in mandated New York State retirement costs and steadily increasing health care costs. The retirement costs are expected to remain the same or slightly higher for the next few years, and then to slowly decline. A 15% annual increase in health care costs is an accepted industry standard. We must consider these issues when negotiating labor agreements and developing budget estimates. It should also be noted that GASB Statement No. 43 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, issued in April 2004, and GASB Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension Plans*, issued in June 2004, will have a significant impact on our accounting and reporting of retiree benefits should the City decide to fund those benefits.

Our investment in non-capital equipment has declined slightly over the ten-year trend period, with a spike in 1997 that reflected a major investment in information technology (computer systems and software). This trend is more the result of declining costs of technology and non-capital equipment rather than a lack of continued investment.

Our annual operating surpluses reflect our conservative approach to budgeting, and the operating deficits of 2001 and 2002 our planned use of fund balance. In preparing our annual budgets we should shift from a focus where revenues and costs drive the type and level of service delivered to one where program outcomes, results, and priorities determine funding. We can further enhance our implementation of those budgets with managed competition and best practices, emulating the efficiencies of the private sector in the context that is unique to the public sector.

Our debt indicators show that we continue to enjoy relatively low debt ratios, where net direct (City) debt is 1/3 of 1% of full valuation and our annual debt service (principal and interest) costs are less than 4% of operating revenues. While debt has increased, it should be remembered that the debt proceeds were used to fund major capital assets. Our ability to pay debt principal and interest with net operating revenues (debt service coverage), despite fluctuating in the trend period from a low of .03 to a high of 14.8, shows a flat trend that ended 2005 with a very conservative ratio of 3.14. We must plan to ensure that this trend continues in a positive direction. It is also evident that the trend of City-issued debt is less of a burden than that of overlapping (county and school district) debt.

The number of municipal employees per 1,000 population and our population have remained essentially unchanged over the past 10 years. Considering the increase in mandated or desired service levels over the ten-year period, this indicates that we have become more productive and are providing greater value for the tax dollar than we were a decade ago.

Boat Basin Enterprise Fund

All of the financial indicators for the Boat Basin Fund are extremely strong and positive. The Boat Basin Fund has no outstanding debt, and has been able to fund all of its building, facility and equipment improvements through current funds.

Our liquidity ratio and current ratio remained well above target level for the entire trend period. Net working capital has been on a steady rise, reaching a high of $1.2 million in fiscal 2005. Much of this is targeted for marina dredging, a project that involves federal agencies, and state agencies in New York State and Connecticut. The regulatory requirements may indeed drive the cost of dredging well beyond the aforementioned $1 million.

Investment in our marina facilities increased significantly from 1996 through 1999 and has since remained steady, indicative of our commitment to replace aging and obsolete facilities.

The spread remains positive between our revenues and expenses, but expenses have risen more dramatically than revenues, resulting in a downward (negative) trend in net revenues, the operating ratio and net take-down since 2000. This is a strong indication that we must reverse this trend with an increase in our fees and charges, a reduction of expenses, or some combination of both. Actions taken in 2005 should be continued into the future to ensure that a continuing positive operating trend.

Golf Club Enterprise Fund

The Golf Club Fund exhibits an ability to meet current liabilities with current assets, and a good level of investment in its capital assets. The liquidity ratio has remained comfortably above target since 1996, and the current ratio has remained at or above target since 1997. Both ratios were impacted favorably by the proceeds of the 1998 Serial Bonds in fiscal years 1998 and 1999. Net working capital has risen over the trend period. There was a tremendous investment in our capital assets from 1998 through 2000 with the reconstruction of Whitby Castle and other facilities owned and operated by the Golf Club.

The trend of the spread between revenues and expenses is a slightly positive and relatively constant one. Fees, charges, and the cost of services provided should be examined carefully to ensure that the trend is maintained. Despite some spikes and dips, the operating ratio and net take-down demonstrate a flat trend over the past ten years, indicating that we must increase our profit margin to avoid long-term adverse financial results.

Debt rose dramatically in 1998 with the issuance of the 1998 Serial Bonds, and has since exhibited a downward positive trend. Various debt service ratios (interest coverage, debt service coverage, debt service safety margin) all show flat trends over the trend period, with a positive trend going forward from 2001. We must continue to increase future revenues in relation to expenses in order to maintain this trend.

Respectfully submitted,

Michael A. Genito
Assistant City Manager
City Comptroller

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FINANCIAL INDICATORS AND ANALYSES

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General Government Operations

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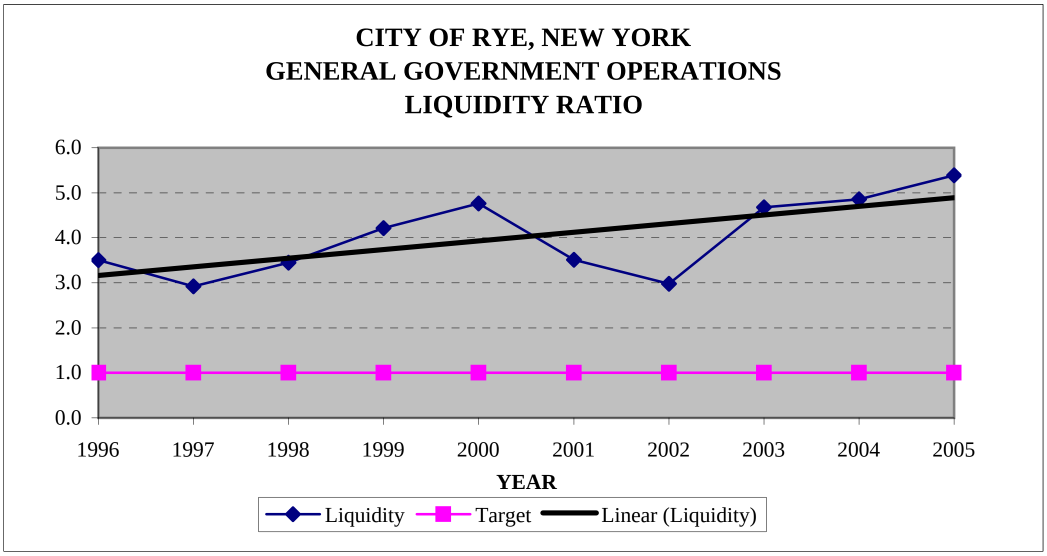
General Government Operations
Liquidity Ratio

Formula: Cash and Short-Term Investments/Current Liabilities

Warning Trend: Decreasing trend line



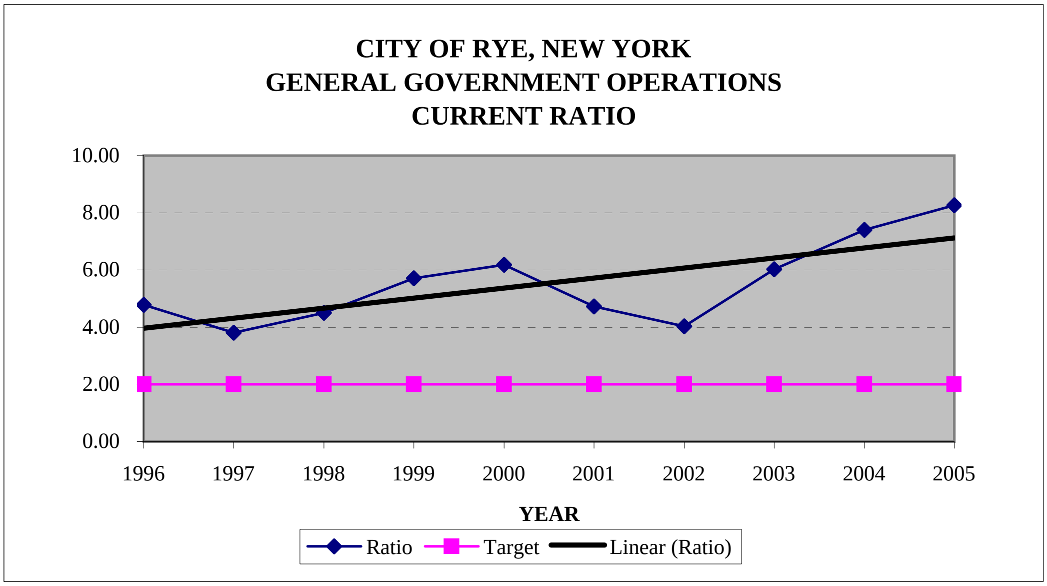
Year	Cash and Short-term Investments	Current Liabilities	Liquidity	Target
1996	$4,450,538	$1,270,461	3.5	1.0
1997	$5,191,221	$1,778,872	2.9	1.0
1998	$5,353,235	$1,552,985	3.4	1.0
1999	$6,034,172	$1,430,342	4.2	1.0
2000	$7,003,822	$1,470,088	4.8	1.0
2001	$5,364,407	$1,528,718	3.5	1.0
2002	$5,747,696	$1,927,626	3.0	1.0
2003	$7,648,688	$1,635,839	4.7	1.0
2004	$7,597,856	$1,564,442	4.9	1.0
2005	$8,485,863	$1,574,492	5.4	1.0

The liquidity ratio, also known as the "cash ratio", measures our ability to pay off current liabilities with cash and short-term investments. Current liabilities are the amounts we owe that are expected to be paid off within the next twelve months, including such items as accounts payable, accrued liabilities, and amounts due to other funds. Cash is the cash we have on hand and in checking and savings accounts. Short-term investments are certificates of deposit and securities that will be redeemed or sold within the next twelve months. Our liquidity ratio has remained above the target level of 1:1 for the entire 10-year trend period.

General Government Operations
Current Ratio

Formula: Current Assets/Current Liabilities

Warning Trend: Decreasing trend line



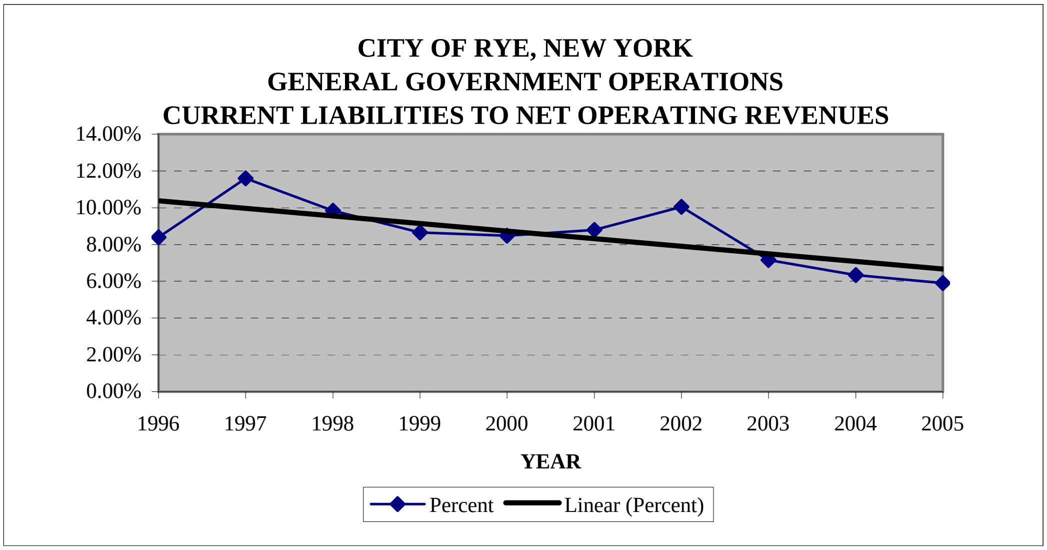
Year	Current Assets	Current Liabilities	Current Ratio	Target
1996	$6,073,254	$1,270,461	4.78	2.00
1997	$6,763,546	$1,778,872	3.80	2.00
1998	$6,984,428	$1,552,985	4.50	2.00
1999	$8,168,251	$1,430,342	5.71	2.00
2000	$9,084,596	$1,470,088	6.18	2.00
2001	$7,223,186	$1,528,718	4.72	2.00
2002	$7,779,253	$1,927,626	4.04	2.00
2003	$9,855,926	$1,635,839	6.02	2.00
2004	$11,579,991	$1,564,442	7.40	2.00
2005	$13,019,802	$1,574,492	8.27	2.00

The current ratio measures our ability to pay off current liabilities with current assets. Current assets are defined as cash and amounts we own that can be converted into cash within the next twelve months, and include such items as short-term investments, accounts receivable and amounts due from other funds. As with our liquidity ratio, our current ratio has remained above the target level of 2:1 for the entire 10-year trend period.

General Government Operations
Current Liabilities to Net Operating Revenues

Formula: Current Liabilities/Net Operating Revenues

Warning Trend: Increasing trend line



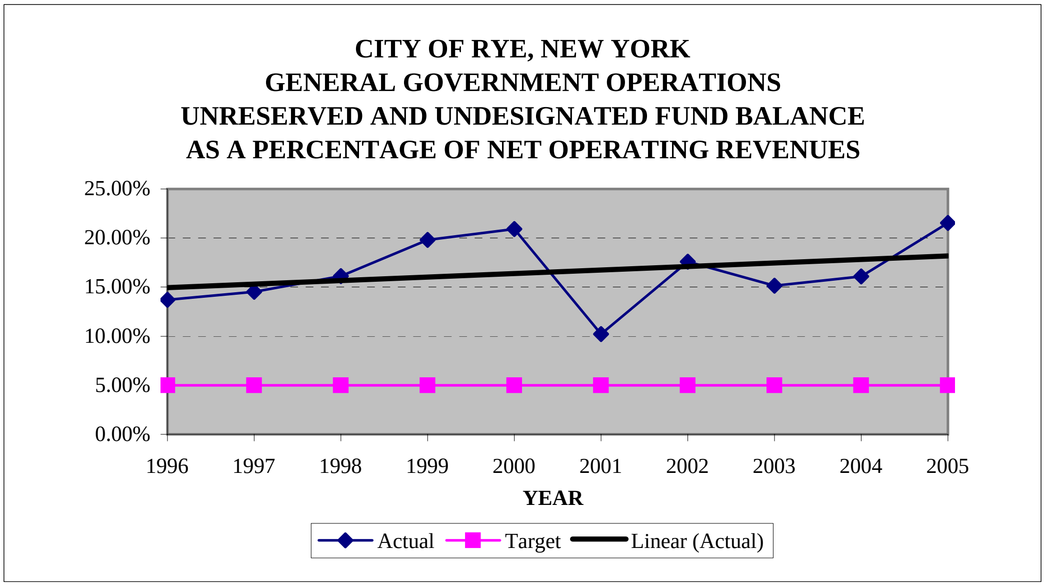
Year	Current Liabilities	Net Operating Revenues	Percent
1996	$1,270,461	$15,146,788	8.39%
1997	$1,778,872	$15,340,520	11.60%
1998	$1,552,985	$15,778,441	9.84%
1999	$1,430,342	$16,512,127	8.66%
2000	$1,470,088	$17,342,575	8.48%
2001	$1,528,718	$17,375,041	8.80%
2002	$1,927,626	$19,194,260	10.04%
2003	$1,635,839	$22,837,239	7.16%
2004	$1,564,442	$24,688,576	6.34%
2005	$1,574,492	$26,696,676	5.90%

Net operating revenues are defined as all revenues other than operating transfers in and revenues restricted or mandated for specific spending purposes. Current liabilities as a percentage of net operating revenues measures our commitment to paying off current bills with revenues received during the year. An increase in this ratio may indicate liquidity problems if there is an inappropriate use of short-term borrowing or deficit spending. Our general government operations over the ten-year period exhibit a downward (positive) trend.

General Government Operations
Undesignated Fund Balance to Net Operating Revenues

Formula: Unreserved & Undesignated Fund Balance/Net Operating Revenues

Warning Trend: Decreasing trend line



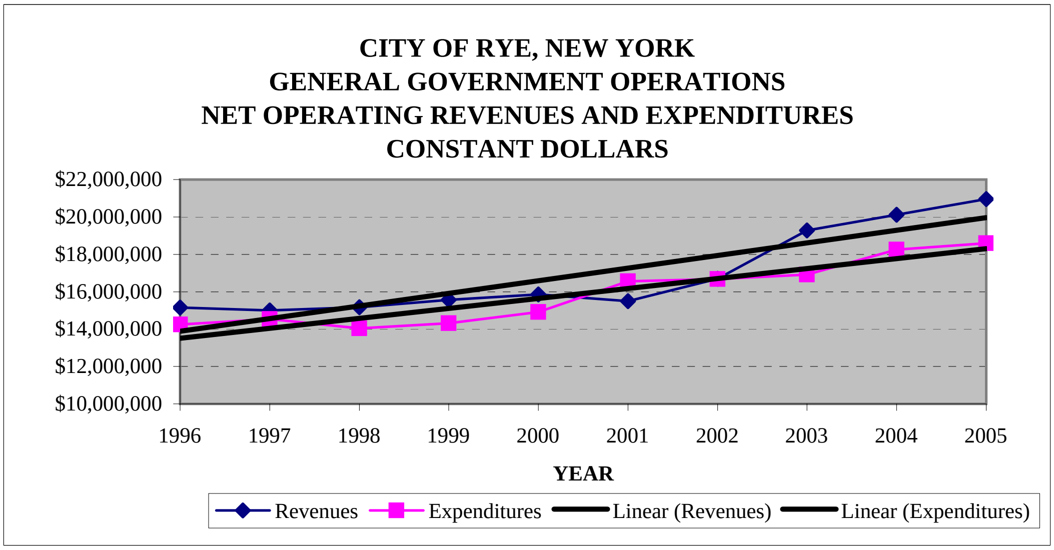
Year	Undesignated Fund Balance	Net Operating Revenues	Percent Undesignated Actual	Target
1996	$2,075,313	$15,146,788	13.70%	5.00%
1997	$2,227,243	$15,340,520	14.52%	5.00%
1998	$2,543,032	$15,778,441	16.12%	5.00%
1999	$3,271,588	$16,512,127	19.81%	5.00%
2000	$3,627,720	$17,342,575	20.92%	5.00%
2001	$1,775,962	$17,375,041	10.22%	5.00%
2002	$3,377,595	$19,194,260	17.60%	5.00%
2003	$3,458,354	$22,837,239	15.14%	5.00%
2004	$3,970,229	$24,688,576	16.08%	5.00%
2005	$5,753,650	$26,696,676	21.55%	5.00%

Unreserved and undesignated fund balance is defined as the amount of fund balance that is neither legally restricted nor voluntarily designated for specific purposes. Our financial policies provide that we should strive to maintain an unreserved and undesignated fund balance of at least 5% of total General Fund appropriations. We use this same target in the analysis of our general government operations. Our unreserved and undesignated fund balance has exceeded the 5% target with double digit percentages for the entire ten-year trend period covered in this report.

General Government Operations
Net Operating Revenues vs. Net Operating Expenditures

Formula: Net Operating Revenues; Net Operating Expenditures

Warning Trend: Decreasing distance between trend lines



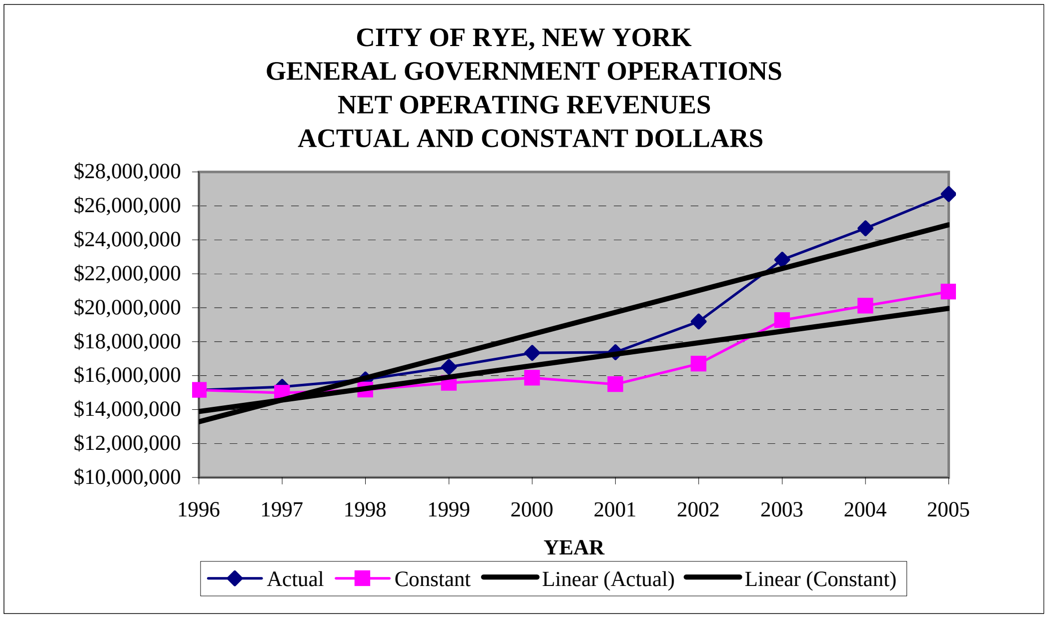
Year	CPI-U	Actual Operating Revenues	Actual Operating Expenditures	Constant Dollar Revenues	Constant Dollar Expenditures
1996	166.9	$15,146,788	$14,252,167	$15,146,788	$14,252,167
1997	170.8	$15,340,520	$14,878,737	$14,990,239	$14,539,000
1998	173.6	$15,778,441	$14,601,234	$15,169,480	$14,037,707
1999	177.0	$16,512,127	$15,172,517	$15,569,910	$14,306,741
2000	182.5	$17,342,575	$16,312,552	$15,860,141	$14,918,164
2001	187.1	$17,375,041	$18,565,254	$15,499,168	$16,560,881
2002	191.9	$19,194,260	$19,176,407	$16,693,705	$16,678,178
2003	197.8	$22,837,239	$20,038,560	$19,269,642	$16,908,168
2004	204.8	$24,688,576	$22,389,452	$20,119,743	$18,246,091
2005	212.7	$26,696,676	$23,689,137	$20,948,167	$18,588,232

When net operating revenues and net operating expenditures are compared over time, we get a better picture of how well we are matching our revenues to expenditures. Net operating expenditures are defined as all expenditures other than operating transfers out. In this indicator, a positive trend is when net operating revenues and net operating expenditures move in tandem in the same direction. A negative trend occurs when the lines begin to converge or cross.

General Government Operations
Net Operating Revenues

Formula: Net Operating Revenues

Warning Trend: Decreasing trend line



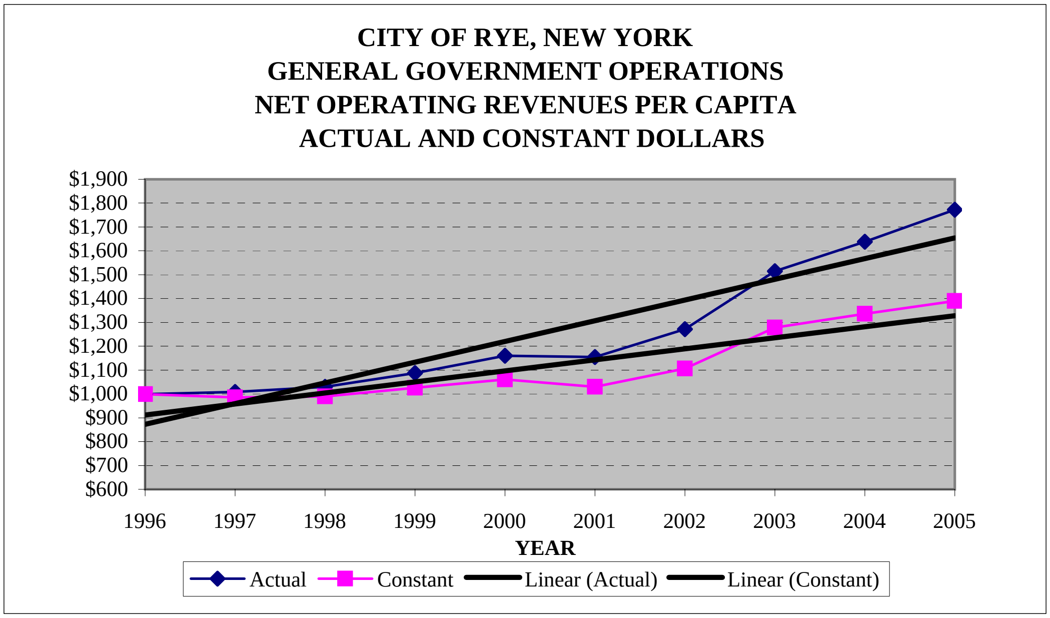
Year	CPI-U	Net Revenues Actual	Net Revenues Constant
1996	166.9	$15,146,788	$15,146,788
1997	170.8	$15,340,520	$14,990,239
1998	173.6	$15,778,441	$15,169,480
1999	177.0	$16,512,127	$15,569,910
2000	182.5	$17,342,575	$15,860,141
2001	187.1	$17,375,041	$15,499,168
2002	191.9	$19,194,260	$16,693,705
2003	197.8	$22,837,239	$19,269,642
2004	204.8	$24,688,576	$20,119,743
2005	212.7	$26,696,676	$20,948,167

The purpose of this indicator is to show the trend of net operating revenues and the effects of inflation on that trend. Our trend shows a steady increase in actual net operating revenues, but when the effects of inflation are accounted for, the trend flattens considerably. This emphasizes the need to evaluate our operating expenditures as adjusted for inflation when developing fees and user charges.

General Government Operations
Net Operating Revenues Per Capita

Formula: Net Operating Revenues/Population

Warning Trend: Decreasing trend line



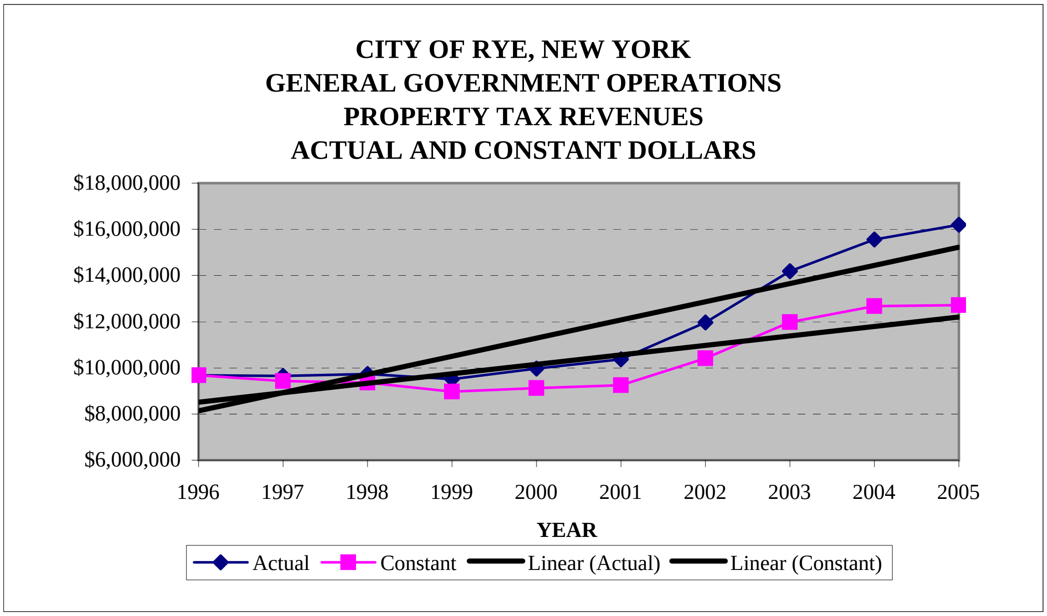
Year	CPI-U	Population	Actual Revenues	Per Capita Actual	Per Capita Constant
1996	166.9	15,164	$15,146,788	$999	$999
1997	170.8	15,208	$15,340,520	$1,009	$986
1998	173.6	15,326	$15,778,441	$1,030	$990
1999	177.0	15,176	$16,512,127	$1,088	$1,026
2000	182.5	14,955	$17,342,575	$1,160	$1,061
2001	187.1	15,046	$17,375,041	$1,155	$1,030
2002	191.9	15,095	$19,194,260	$1,272	$1,106
2003	197.8	15,074	$22,837,239	$1,515	$1,278
2004	204.8	15,067	$24,688,576	$1,639	$1,335
2005	212.7	15,067	$26,696,676	$1,772	$1,390

The purpose of this indicator is to measure how effectively we are earning revenue by calculating it on a per resident basis. Our trend in actual dollars per capita is a strong and steady increase, but in constant dollars the impact is less dramatic. This is important to remember when developing our revenue estimates and setting our taxes, fees, and other revenues.

General Government Operations
Property Tax Revenues

Formula: Property Tax Revenues

Warning Trend: Decreasing trend line



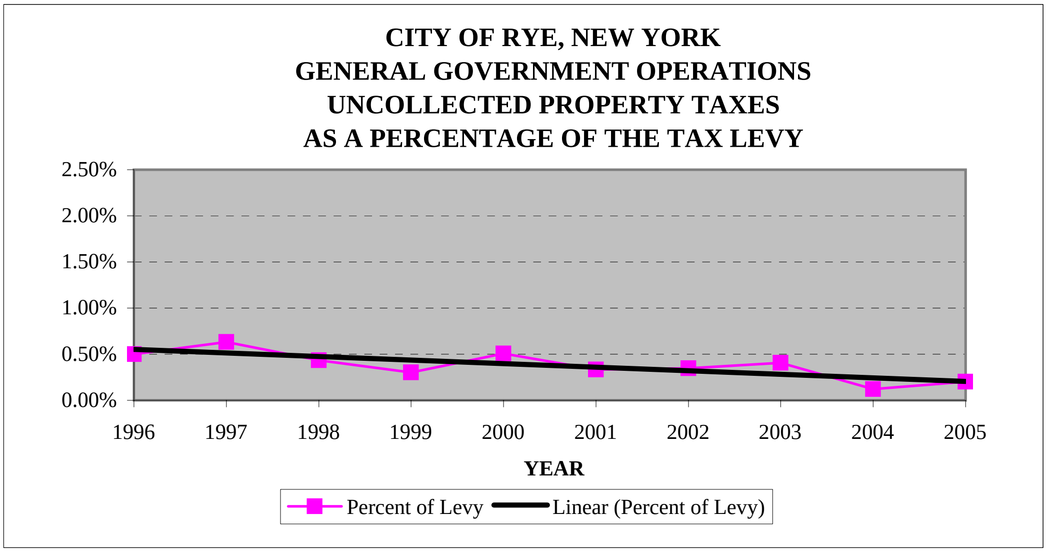
Year	CPI-U	Property Tax Revenues Actual	Property Tax Revenues Constant
1996	166.9	$9,680,734	$9,680,734
1997	170.8	$9,653,297	$9,432,876
1998	173.6	$9,731,058	$9,355,493
1999	177.0	$9,505,107	$8,962,725
2000	182.5	$9,970,349	$9,118,089
2001	187.1	$10,372,711	$9,252,835
2002	191.9	$11,965,741	$10,406,890
2003	197.8	$14,190,747	$11,973,891
2004	204.8	$15,551,738	$12,673,755
2005	212.7	$16,197,588	$12,709,814

Property taxes are a major component of our general government operations, accounting for approximately 61% of our total general government revenues. The amount of property tax revenue is dependent upon our tax rate and the value of our taxable assessed properties. The overall trend is an increase designed to address the need to cover increasing costs.

General Government Operations
Uncollected Property Taxes to the Property Tax Levy

Formula: Uncollected Property Taxes/Property Tax Levy

Warning Trend: Increasing trend line



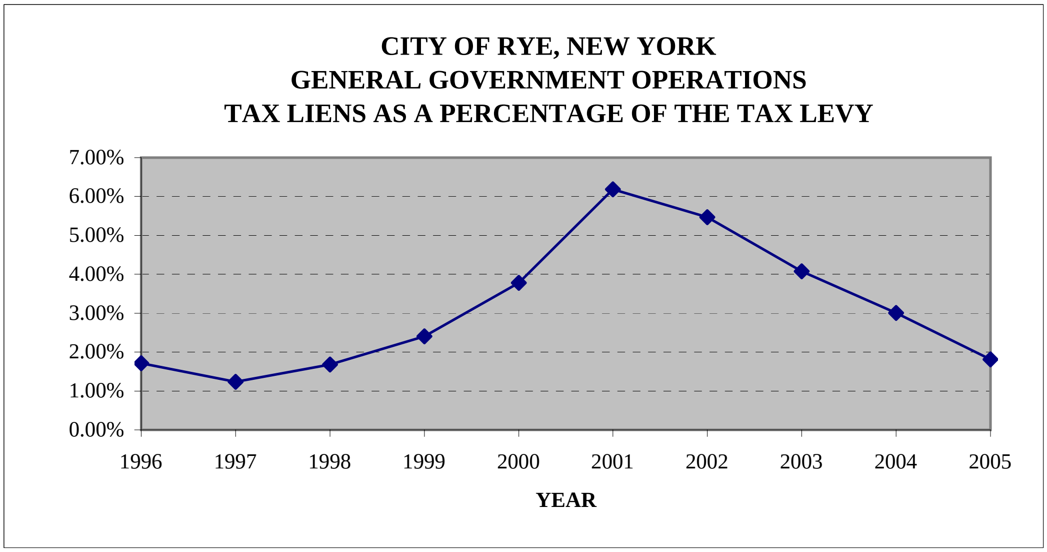
Year	Uncollected Property Taxes	Property Tax Levy	Percent of Levy
1996	$47,232	$9,448,778	0.50%
1997	$59,963	$9,510,351	0.63%
1998	$41,619	$9,590,213	0.43%
1999	$29,130	$9,593,156	0.30%
2000	$50,963	$10,028,994	0.51%
2001	$34,380	$10,323,122	0.33%
2002	$40,823	$11,762,076	0.35%
2003	$56,631	$13,894,248	0.41%
2004	$18,772	$15,254,280	0.12%
2005	$32,049	$15,900,190	0.20%

Rising uncollected property taxes can place a strain on the resources of the City and its ability to administer programs and services. Such increases may indicate an inability or unwillingness on the part of property owners to pay property taxes due to personal financial difficulties, or a negative economic trend in our community. It is therefore important that we are vigilant in noting any sign of an upward trend. Our collection rate has been in excess of 99% for the entire trend period, an excellent record when you consider that we must guarantee the taxes levied against properties within our city for Westchester County, the Rye City School District and the Rye Neck Union Free School District.

General Government Operations
Tax Liens to the Property Tax Levy

Formula: Tax Liens/Property Tax Levy

Warning Trend: Increasing trend line



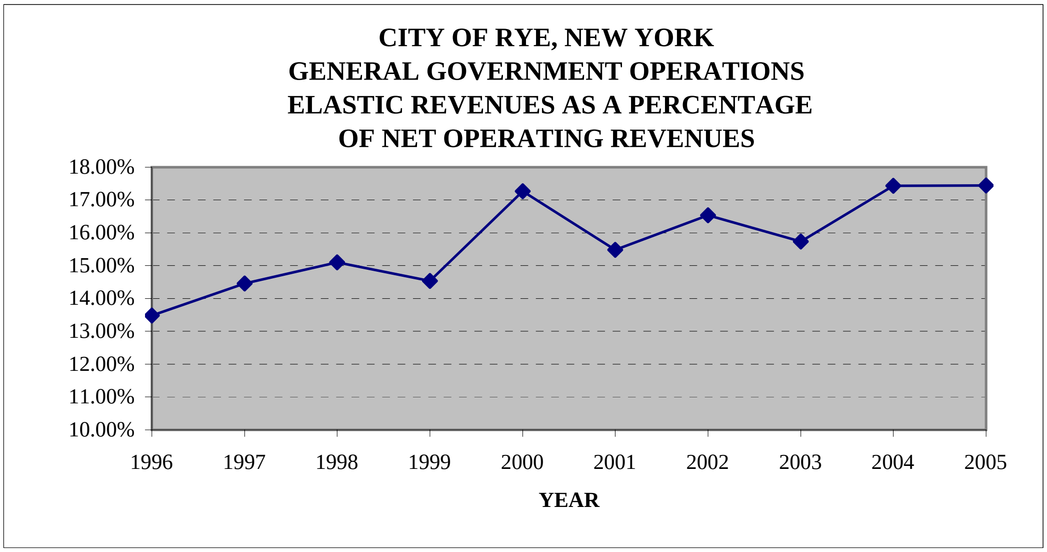
Year	Property Tax Liens	Property Tax Levy	Percent of Levy
1996	$161,570	$9,448,778	1.71%
1997	$117,129	$9,510,351	1.23%
1998	$161,105	$9,590,213	1.68%
1999	$230,906	$9,593,156	2.41%
2000	$379,136	$10,028,994	3.78%
2001	$638,842	$10,323,122	6.19%
2002	$643,455	$11,762,076	5.47%
2003	$566,332	$13,894,248	4.08%
2004	$458,255	$15,254,280	3.00%
2005	$288,286	$15,900,190	1.81%

Like uncollected property taxes, an increase in the amount of tax liens can place a financial strain on our resources, and may indicate an inability or unwillingness on the part of our property owners to pay property taxes. There had been a dramatically increasing trend until 2001, after which it reversed to a downward (positive) trend. The ratio has been reduced to below 2% in 2005, and the City has initiated an annual foreclosure process that is expected to keep this ratio low.

General Government Operations
Elastic Operating Revenues to Net Operating Revenues

Formula: Elastic Operating Revenues/Net Operating Revenues

Warning Trend: Decreasing trend line



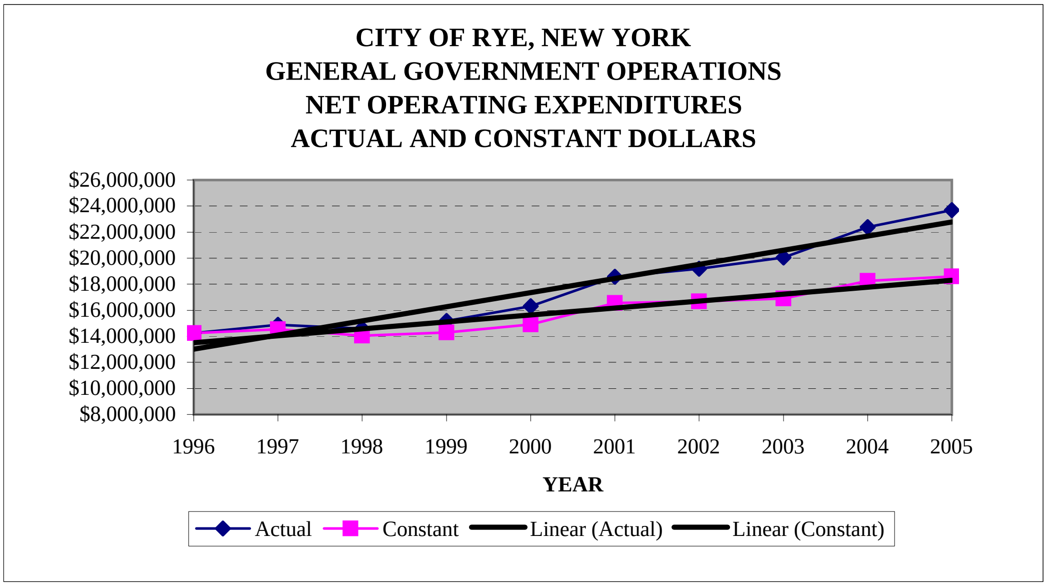
Year	Elastic Revenues	Net Operating Revenues	Percent to Gross
1996	$2,041,982	$15,146,788	13.48%
1997	$2,218,379	$15,340,520	14.46%
1998	$2,383,626	$15,778,441	15.11%
1999	$2,400,258	$16,512,127	14.54%
2000	$2,994,641	$17,342,575	17.27%
2001	$2,689,527	$17,375,041	15.48%
2002	$3,173,420	$19,194,260	16.53%
2003	$3,592,963	$22,837,239	15.73%
2004	$4,304,890	$24,688,576	17.44%
2005	$4,655,975	$26,696,676	17.44%

This indicator measures how dependent our revenue stream is on elastic revenues. Elastic revenues are defined as those revenues that may be affected by demographic or economic changes in our community, and include mortgage taxes, sales taxes, and utility gross receipts taxes. Elastic revenues will rise as the economic base expands or inflation rises. While the upward trend is positive in some respects, it we note that it has remained flat over the past five years. A downturn in the economy or a return of inflation could send it into a downward trend, requiring us to consider increases in other revenues such as taxes and user fees.

General Government Operations
Net Operating Expenditures

Formula: Net Operating Expenditures

Warning Trend: Increasing trend line



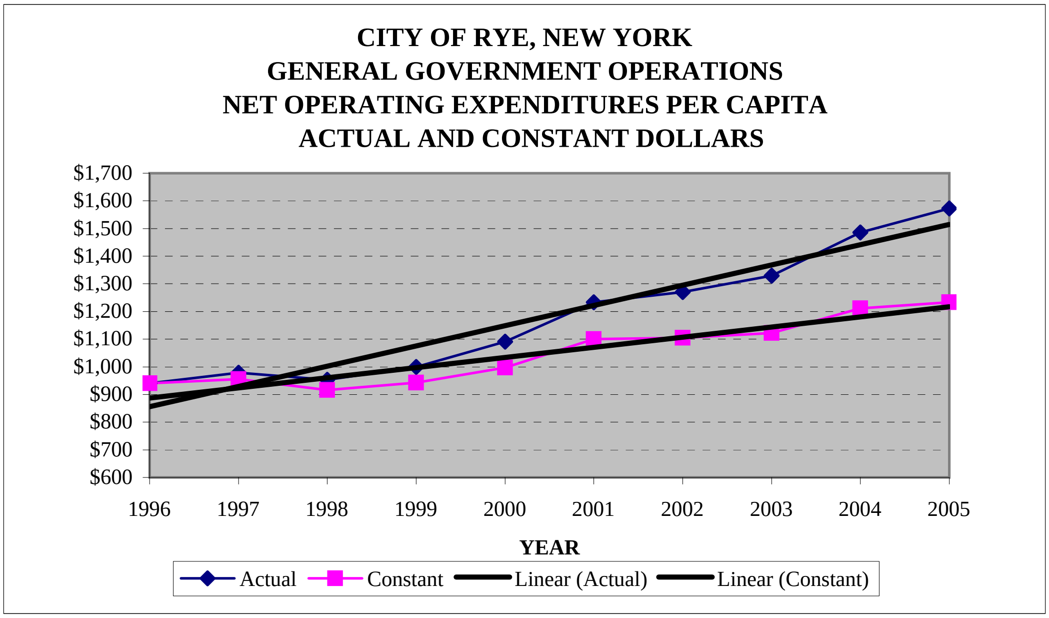
Year	CPI-U	Expenditures Actual	Expenditures Constant
1996	166.9	$14,252,167	$14,252,167
1997	170.8	$14,878,737	$14,539,000
1998	173.6	$14,601,234	$14,037,707
1999	177.0	$15,172,517	$14,306,741
2000	182.5	$16,312,552	$14,918,164
2001	187.1	$18,565,254	$16,560,881
2002	191.9	$19,176,407	$16,678,178
2003	197.8	$20,038,560	$16,908,168
2004	204.8	$22,389,452	$18,246,091
2005	212.7	$23,689,137	$18,588,232

The purpose of this indicator is to show the trend of net operating expenditures and the effects of inflation on that trend. Our trend shows an increase in actual net operating expenditures, but when the effects of inflation are accounted for, the trend rises less substantially. This has to be considered in light of the trend of our operating revenues as adjusted for inflation, the setting of fees and charges, and the level of services provided by the City.

General Government Operations
Net Operating Expenditures Per Capita

Formula: Net Operating Expenditures/Population

Warning Trend: Increasing trend line



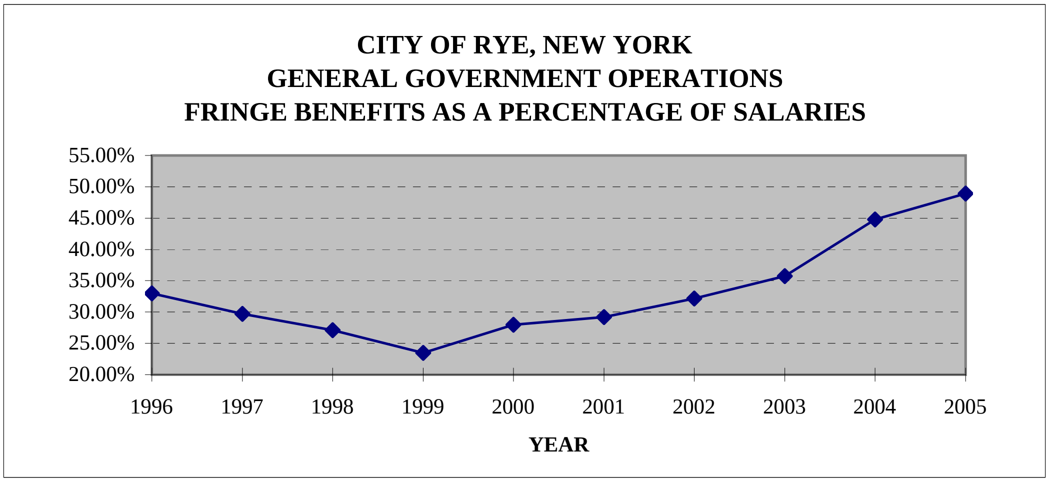
Year	CPI-U	Population	Expenditures Actual	Per Capita Actual	Per Capita Constant
1996	166.9	15,164	$14,252,167	$940	$940
1997	170.8	15,208	$14,878,737	$978	$956
1998	173.6	15,326	$14,601,234	$953	$916
1999	177.0	15,176	$15,172,517	$1,000	$943
2000	182.5	14,955	$16,312,552	$1,091	$998
2001	187.1	15,046	$18,565,254	$1,234	$1,101
2002	191.9	15,095	$19,176,407	$1,270	$1,105
2003	197.8	15,074	$20,038,560	$1,329	$1,122
2004	204.8	15,067	$22,389,452	$1,486	$1,211
2005	212.7	15,067	$23,689,137	$1,572	$1,234

Net operating expenditures per capita indicate how much we are spending per person in terms of our City's population. A decrease in this indicator is a positive trend, indicating the cost-effective delivery of services, provided that it is not adversely affecting service levels to the point of community dissatisfaction. The trend is rising both in terms of current and constant dollars, and should be watched closely in context with other trend indicators.

General Government Operations
Fringe Benefits to Salaries and Wages

Formula: Fringe Benefits/Salaries and Wages

Warning Trend: Increasing trend line



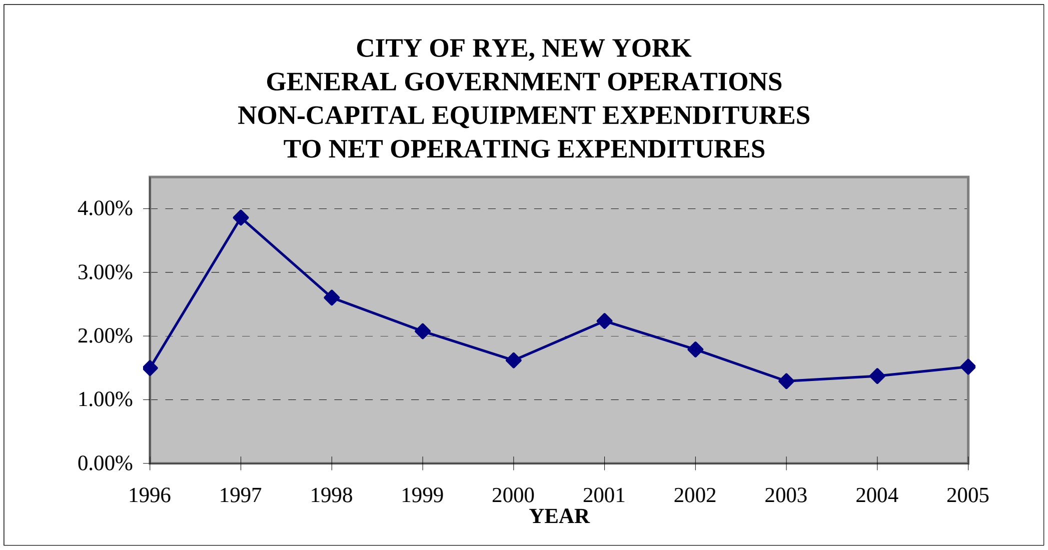
Year	Salaries and Wages	Fringe Benefits	Percent
1996	$7,292,070	$2,405,584	32.99%
1997	$7,722,645	$2,292,852	29.69%
1998	$7,734,443	$2,097,626	27.12%
1999	$8,142,398	$1,912,941	23.49%
2000	$8,632,550	$2,414,451	27.97%
2001	$9,635,292	$2,812,297	29.19%
2002	$9,792,241	$3,150,592	32.17%
2003	$9,971,547	$3,565,061	35.75%
2004	$10,408,929	$4,659,673	44.77%
2005	$10,881,452	$5,325,434	48.94%

Salaries and employee benefits account for approximately 68% of our total general government operating expenditures. Salaries are defined as compensation paid to full-time, part-time and seasonal employees. Employee benefits include the employer share of social security and Medicare (FICA), retirement, health insurance (including vision and dental), disability insurance and worker's compensation insurance. An increasing percentage of fringe benefits to salaries is a negative trend and may reveal increases in total compensation that may not otherwise be clearly seen in negotiated labor agreements. The trend has risen significantly since 1999, with retirement costs rising from $14,000 to $1.2 million and health care costs rising from $1 million to $2.2 million.

General Government Operations
Non-capital Equipment Expenditures to Net Operating Expenditures

Formula: Non-capital Equipment Expenditures/Net Operating Expenditures

Warning Trend: Decreasing trend line



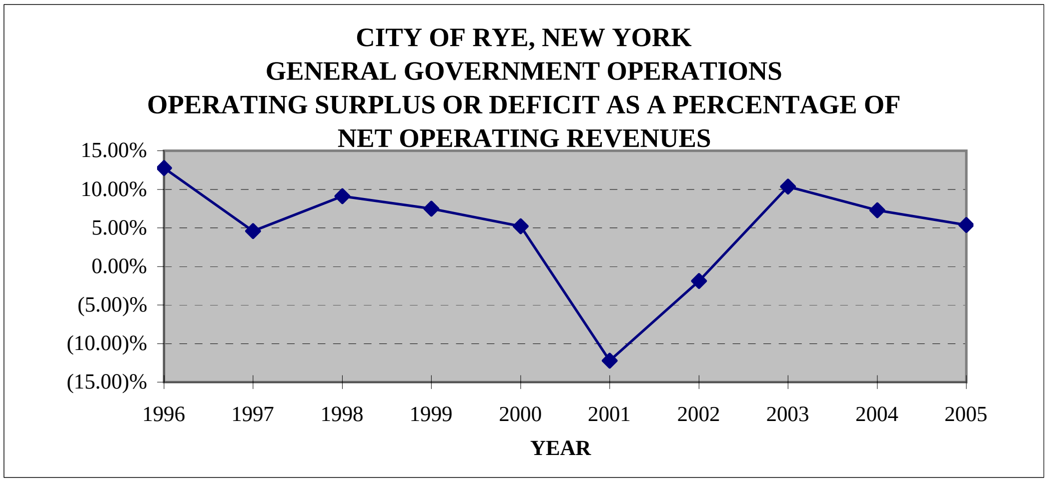
Year	Equipment Costs	Net Operating Expenditures	Percent
1996	$213,626	$14,252,167	1.50%
1997	$574,834	$14,878,737	3.86%
1998	$380,640	$14,601,234	2.61%
1999	$315,291	$15,172,517	2.08%
2000	$264,501	$16,312,552	1.62%
2001	$415,429	$18,565,254	2.24%
2002	$343,549	$19,176,407	1.79%
2003	$259,172	$20,038,560	1.29%
2004	$307,686	$22,389,452	1.37%
2005	$359,587	$23,689,137	1.52%

For this indicator, equipment is furniture and fixtures, office equipment, and other minor pieces of equipment with a value less than $15,000 purchased with funds provided in the operating budgets. This indicator measures our commitment to replace aging equipment that may be costly to operate and maintain or technologically obsolete. Fiscal 1997 reflects a major investment in information technology, after which the trend returned to a more normal pattern.

General Government Operations
Operating Surplus or Deficit to Net Operating Revenues

Formula: Operating Surplus (Deficit)/Net Operating Revenues

Warning Trend: Trend line remaining below zero percent



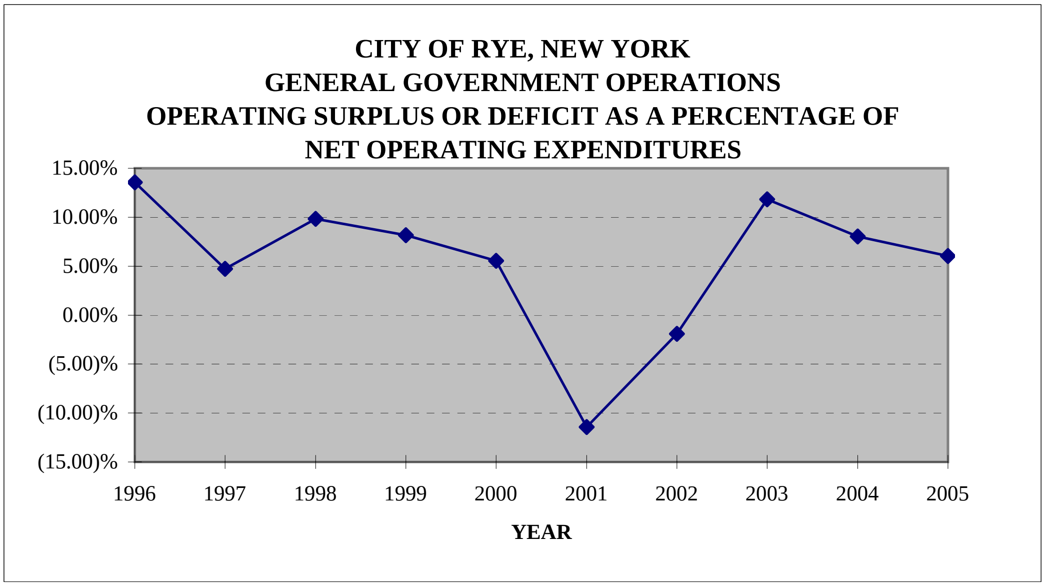
Year	Operating Surplus (Deficit)	Net Operating Revenues	Percent
1996	$1,930,572	$15,146,788	12.75%
1997	$705,016	$15,340,520	4.60%
1998	$1,436,750	$15,778,441	9.11%
1999	$1,239,944	$16,512,127	7.51%
2000	$906,337	$17,342,575	5.23%
2001	($2,123,032)	$17,375,041	(12.22)%
2002	($365,054)	$19,194,260	(1.90)%
2003	$2,368,460	$22,837,239	10.37%
2004	$1,795,462	$24,688,576	7.27%
2005	$1,429,761	$26,696,676	5.36%

An operating surplus occurs when revenues exceed expenditures, and an operating deficit occurs when expenditures exceed revenues. It is a positive result when an operating surplus occurs. An operating deficit is not necessarily a negative result, *provided that the operating deficit was planned*. Operating deficits are often planned when fund balance exists that is considered excessive and the excess amount is used to offset the cost of some programs. Since the planned deficits of 2001 and 2002, the trend has returned to a positive one.

General Government Operations
Operating Surplus or Deficit to Net Operating Expenditures

Formula: Operating Surplus (Deficit)/Net Operating Expenditures

Warning Trend: Trend line remaining below zero percent



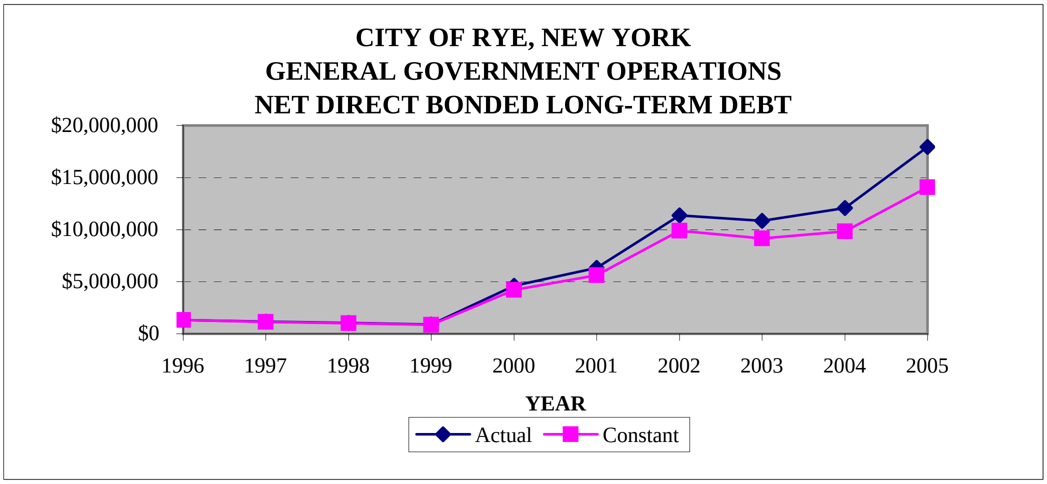
Year	Operating Surplus (Deficit)	Net Operating Expenditures	Percent
1996	$1,930,572	$14,252,167	13.55%
1997	$705,016	$14,878,737	4.74%
1998	$1,436,750	$14,601,234	9.84%
1999	$1,239,944	$15,172,517	8.17%
2000	$906,337	$16,312,552	5.56%
2001	($2,123,032)	$18,565,254	(11.44)%
2002	($365,054)	$19,176,407	(1.90)%
2003	$2,368,460	$20,038,560	11.82%
2004	$1,795,462	$22,389,452	8.02%
2005	$1,429,761	$23,689,137	6.04%

This indicator is another measure of our ability to meet annual expenditures with annual revenues, establishing the relationship between an operating surplus or deficit and net operating expenditures. Some prefer to use this indicator on the theory that expenditures are a better measure than revenues of a community's demands and requirements. Again, 2001 and 2002 entered into negative territory, but our operations since have returned to a positive trend.

General Government Operations
Net Direct Bonded Long-Term Debt

Formula: Net Direct Bonded Long-Term Debt

Warning Trend: Increasing trend line



Year	CPI-U	Net Direct Long-Term Debt Actual	Net Direct Long-Term Debt Constant
1996	166.9	$1,310,000	$1,310,000
1997	170.8	$1,175,000	$1,148,170
1998	173.6	$1,040,000	$999,862
1999	177.0	$905,000	$853,359
2000	182.5	$4,595,000	$4,202,222
2001	187.1	$6,315,000	$5,633,210
2002	191.9	$11,379,500	$9,897,022
2003	197.8	$10,855,000	$9,159,249
2004	204.8	$12,073,013	$9,838,798
2005	212.7	$17,941,013	$14,077,833

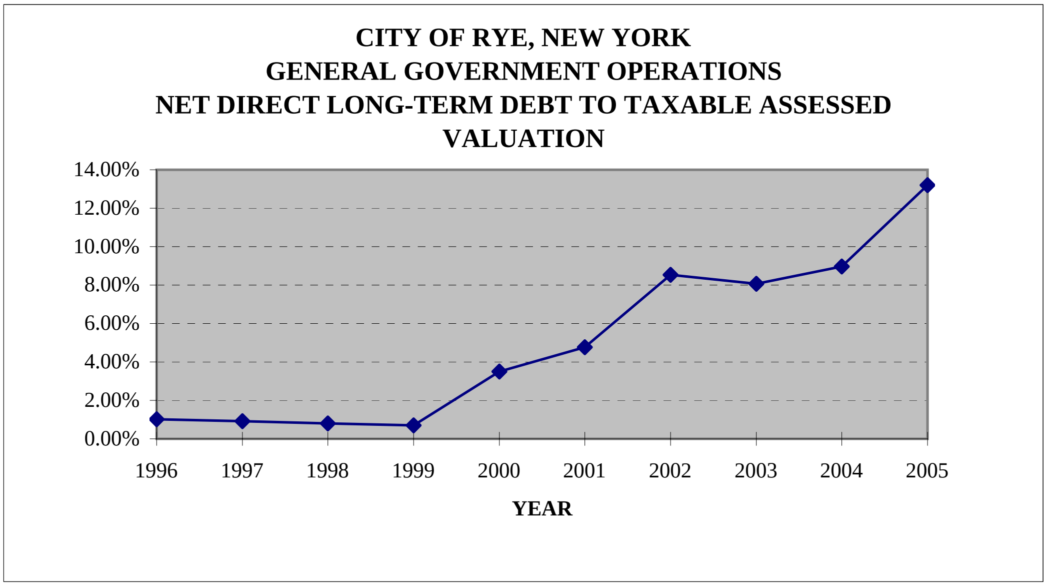
Net direct bonded long-term debt is defined as general obligation debt (bonds) that is not otherwise accounted for in an enterprise fund (Boat Basin Fund and Golf Club Fund). We measure this trend in actual and constant dollars. Increasing outstanding debt impairs our ability to borrow in the future and provides less flexibility in the programming of budgeted funds. An increase in this indicator may be viewed as a negative one, but must take into account the overall debt outstanding and the purposes served by that debt.

General Government Operations

Net Direct Bonded Long-Term Debt to Taxable Assessed Valuation

Formula: Net Direct Bonded Long-Term Debt/Taxable Assessed Valuation

Warning Trend: Increasing trend line



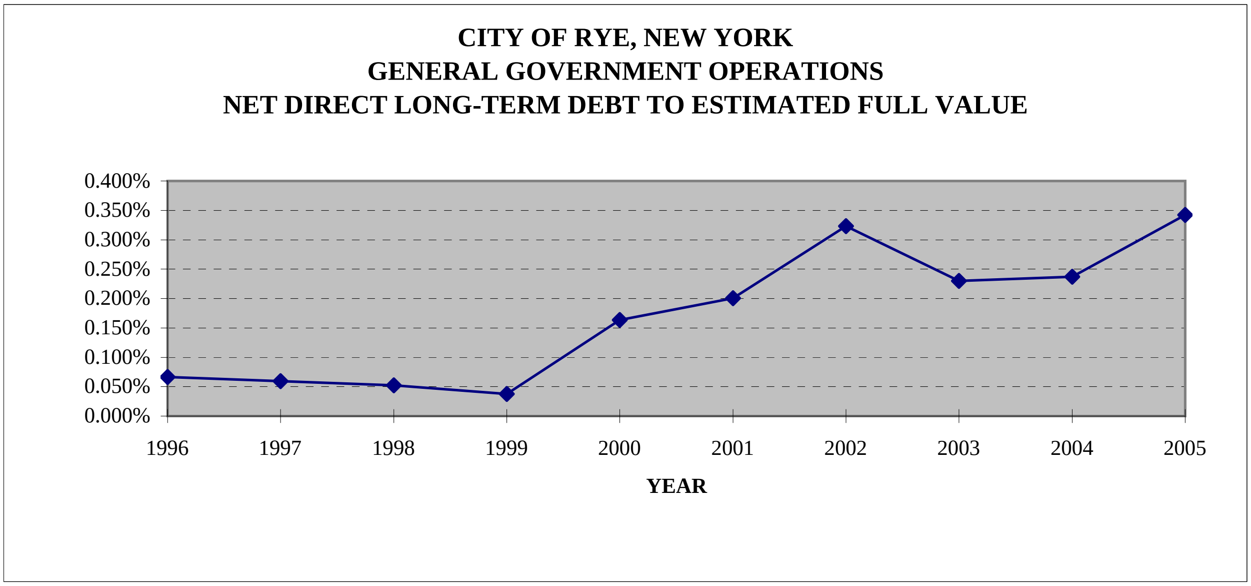
Year	Net Direct Long-Term Debt	Taxable Assessed Valuation	Percent
1996	$1,310,000	$128,172,616	1.02%
1997	$1,175,000	$129,240,016	0.91%
1998	$1,040,000	$130,261,141	0.80%
1999	$905,000	$130,271,093	0.69%
2000	$4,595,000	$131,559,102	3.49%
2001	$6,315,000	$132,432,299	4.77%
2002	$11,379,500	$133,384,128	8.53%
2003	$10,855,000	$134,674,171	8.06%
2004	$12,073,013	$134,574,950	8.97%
2005	$17,941,013	$135,880,847	13.20%

This indicator puts into perspective our outstanding long-term debt in relationship to our taxable assessed valuation, allowing us to determine if we have sufficient taxing power to afford current and future debt. A 2005 bond issue caused the ratio to rise to 13% of taxable assessed valuation.

General Government Operations
Net Direct Bonded Long-Term Debt to Estimated Full Valuation

Formula: Net Direct Bonded Long-Term Debt/Estimated Full Valuation

Warning Trend: Increasing trend line



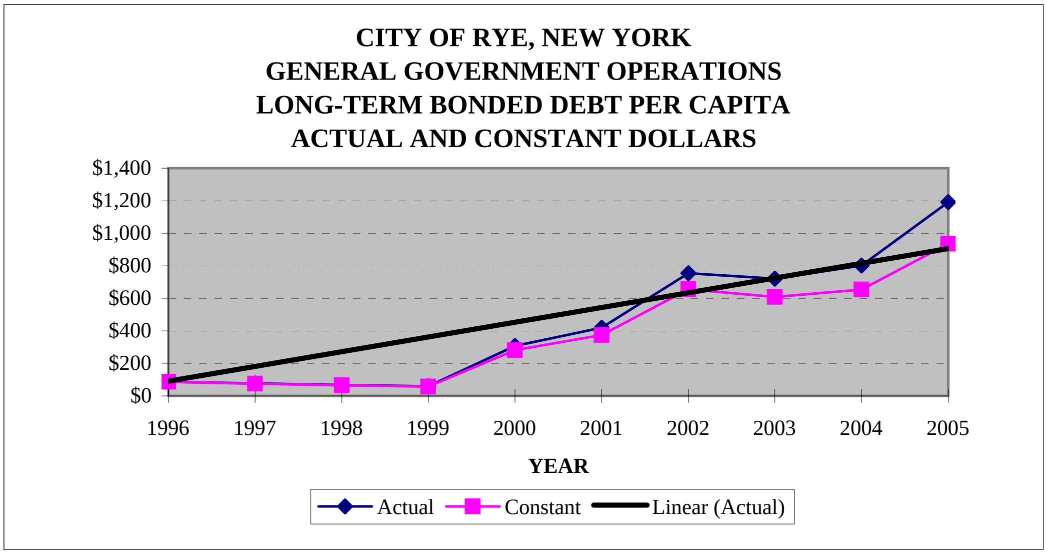
Year	Net Direct Long-Term Debt	Taxable Assessed Valuation	State Equalization Rate	Estimated Full Value	Percent
1996	$1,310,000	$128,172,616	6.53%	$1,962,827,198	0.067%
1997	$1,175,000	$129,240,016	6.53%	$1,979,173,292	0.059%
1998	$1,040,000	$130,261,141	6.53%	$1,994,810,735	0.052%
1999	$905,000	$130,271,093	5.42%	$2,403,525,701	0.038%
2000	$4,595,000	$131,559,102	4.68%	$2,811,091,923	0.163%
2001	$6,315,000	$132,432,299	4.20%	$3,153,149,976	0.200%
2002	$11,379,500	$133,384,128	3.79%	$3,519,370,132	0.323%
2003	$10,855,000	$134,674,171	2.85%	$4,725,409,509	0.230%
2004	$12,073,013	$134,574,950	2.64%	$5,097,535,985	0.237%
2005	$17,941,013	$135,880,847	2.59%	$5,246,364,749	0.342%

Estimated full value is calculated by taking the taxable assessed value and dividing it by our State equalization rate in an attempt to reach a market value estimate. This indicator is similar to our net long-term debt to taxable assessed value. At approximately 1/3 of 1% our ratio is extremely favorable.

General Government Operations
Net Direct Bonded Long-Term Debt Per Capita

Formula: Net Direct Bonded Long-Term Debt/Population

Warning Trend: Increasing trend line



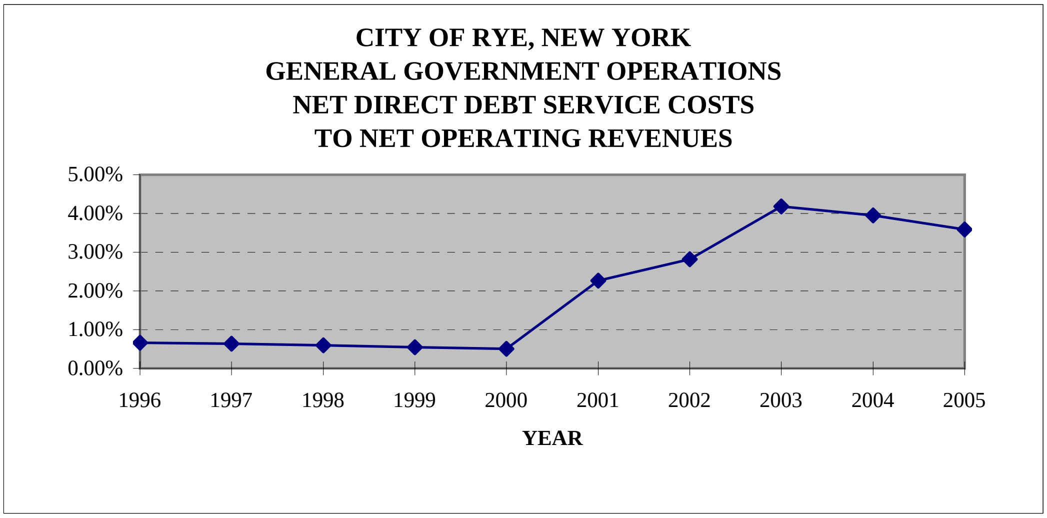
Year	CPI-U	Population	Net Direct Long-Term Debt	Constant Dollars	Debt Per Capita Actual	Debt Per Capita Constant
1996	166.9	15,164	$1,310,000	$1,310,000	$86	$86
1997	170.8	15,208	$1,175,000	$1,148,170	$77	$75
1998	173.6	15,326	$1,040,000	$999,862	$68	$65
1999	177.0	15,176	$905,000	$853,359	$60	$56
2000	182.5	14,955	$4,595,000	$4,202,222	$307	$281
2001	187.1	15,046	$6,315,000	$5,633,210	$420	$374
2002	191.9	15,095	$11,379,500	$9,897,022	$754	$656
2003	197.8	15,074	$10,855,000	$9,159,249	$720	$608
2004	204.8	15,067	$12,073,013	$9,838,798	$801	$653
2005	212.7	15,067	$17,941,013	$14,077,833	$1,191	$934

Long-term debt per capita is an indicator used to measure the burden of debt per person. Theoretically, as debt increases and population remains the same or decreases, the amount of debt per person becomes an increasing burden and the ability to repay such debt may someday be in jeopardy.

General Government Operations
Net Direct Debt Service to Net Operating Revenues

Formula: Net Direct Debt Service/Net Operating Revenues

Warning Trend: Increasing trend line



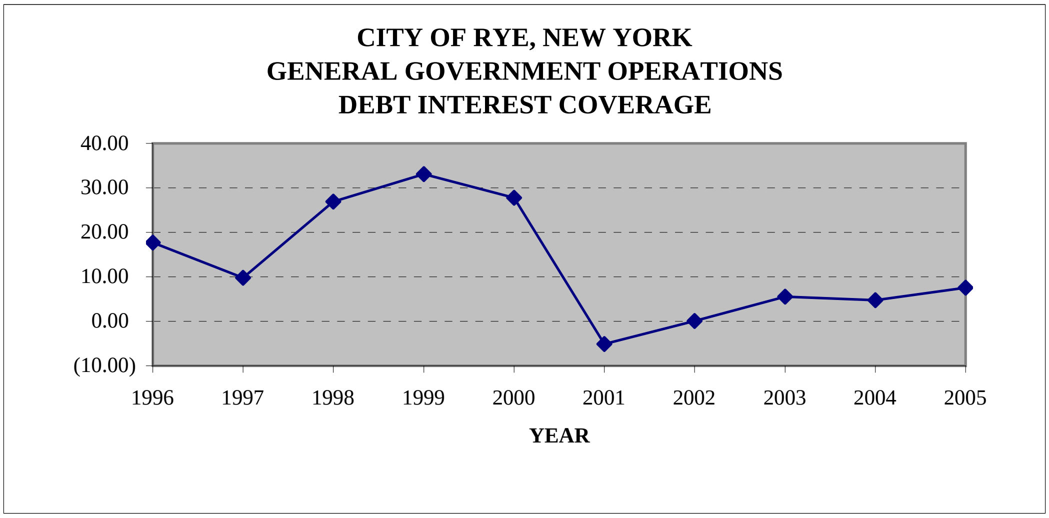
Year	Net Direct Debt Service	Net Operating Revenues	Percent
1996	$100,500	$15,146,788	0.66%
1997	$97,150	$15,340,520	0.63%
1998	$93,800	$15,778,441	0.59%
1999	$90,450	$16,512,127	0.55%
2000	$87,100	$17,342,575	0.50%
2001	$392,995	$17,375,041	2.26%
2002	$540,631	$19,194,260	2.82%
2003	$954,816	$22,837,239	4.18%
2004	$975,185	$24,688,576	3.95%
2005	$956,451	$26,696,676	3.58%

Debt service is defined as the annual principal and interest payments due on long-term debt. The debt service to net operating revenue indicator measures the ability of our revenue stream to meet annual debt payments. The International City/County Management Association (ICMA) considers a ratio of 10% to be acceptable. Our trend is declining slightly, with our ratio at the end of 2005 below 4%.

General Government Operations
Debt Interest Coverage

Formula: Net Revenues/Debt Interest

Warning Trend: Decreasing trend line



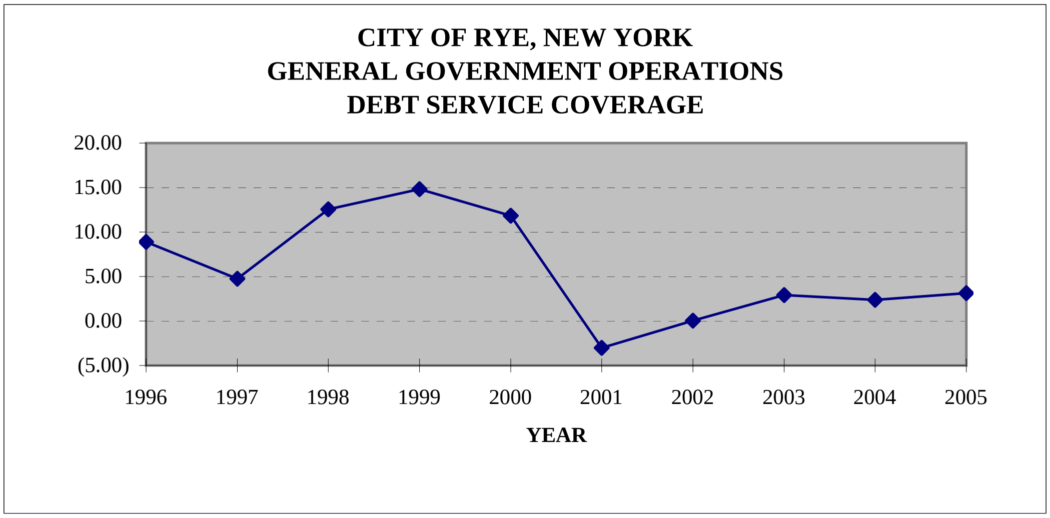
Year	Net Revenues	Debt Interest	Debt Interest Coverage
1996	$894,621	$50,500	17.72
1997	$461,783	$47,150	9.79
1998	$1,177,207	$43,800	26.88
1999	$1,339,610	$40,450	33.12
2000	$1,030,023	$37,100	27.76
2001	($1,190,213)	$232,995	(5.11)
2002	$17,853	$300,631	0.06
2003	$2,798,679	$505,316	5.54
2004	$2,299,124	$485,185	4.74
2005	$3,007,539	$396,451	7.59

Debt interest coverage is a ratio used to evaluate the ability of a municipality to cover its debt interest costs with net operating revenues. Since this is an x:1 ratio, an increasing trend is a positive trend. Our debt interest coverage shows a positive upward trend from 1995 through 2000, taking a steep drop with the planned operating deficit of 2001, and has since returned on a positive upward trend.

General Government Operations
Debt Service Coverage

Formula: Net Revenues/Debt Principal + Interest

Warning Trend: Decreasing trend line



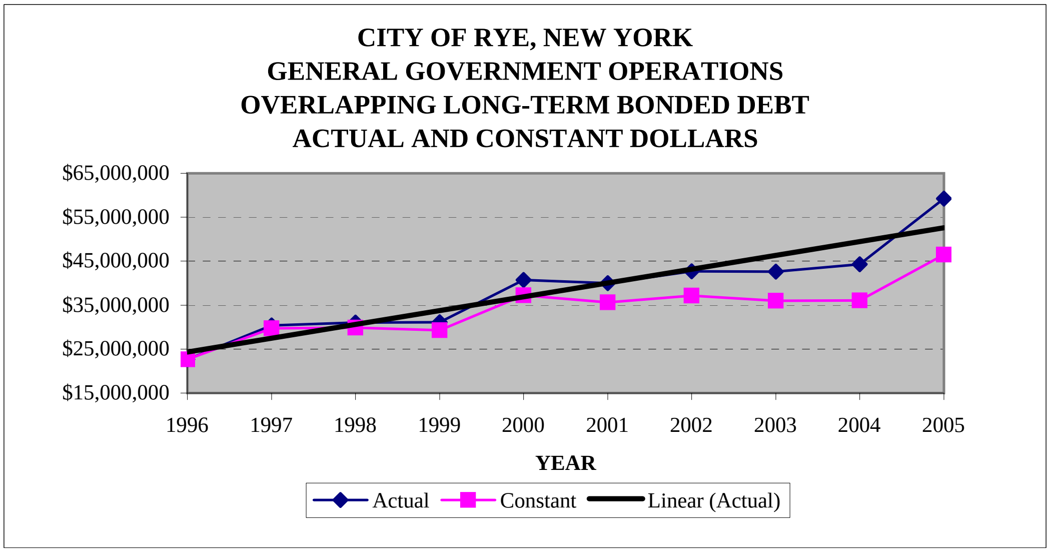
Year	Net Revenues	Debt Service	Debt Service Coverage
1996	$894,621	$100,500	8.90
1997	$461,783	$97,150	4.75
1998	$1,177,207	$93,800	12.55
1999	$1,339,610	$90,450	14.81
2000	$1,030,023	$87,100	11.83
2001	($1,190,213)	$392,995	(3.03)
2002	$17,853	$540,631	0.03
2003	$2,798,679	$954,816	2.93
2004	$2,299,124	$975,185	2.36
2005	$3,007,539	$956,451	3.14

Similar to debt interest coverage, debt service coverage is a ratio used to evaluate the ability of a municipality to cover its debt service costs (annual principal and interest) with net operating revenues. Since this is an x:1 ratio, an increasing trend is a positive trend. The pattern for debt service coverage follows that of our earlier debt interest coverage ratio.

General Government Operations
Overlapping Bonded Debt

Formula: Long-Term Overlapping Bonded Debt

Warning Trend: Increasing trend line



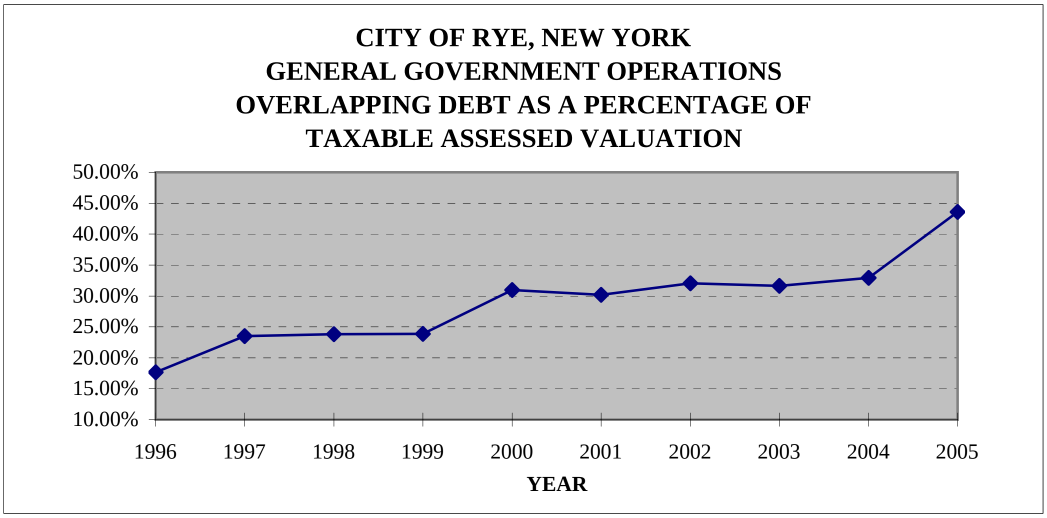
Year	CPI-U	Overlapping Debt Actual	Overlapping Debt Constant
1996	166.9	$22,644,696	$22,644,696
1997	170.8	$30,406,003	$29,711,721
1998	173.6	$31,053,089	$29,854,611
1999	177.0	$31,090,224	$29,316,149
2000	182.5	$40,713,463	$37,233,298
2001	187.1	$39,976,242	$35,660,261
2002	191.9	$42,714,645	$37,149,944
2003	197.8	$42,615,261	$35,957,973
2004	204.8	$44,281,289	$36,086,656
2005	212.7	$59,230,087	$46,476,265

Overlapping long-term debt is the net direct bonded debt of another jurisdiction that is issued against a tax base within part or all of the boundaries of a community. Westchester County and the school districts in our community incur debt for their own purposes, and part of their tax levies on our property owners are used to pay down that debt. Overlapping debt can place an economic burden on our taxpayers, even if the City’s debt level is low. Measured in actual and constant dollars, the trend indicates that overlapping debt is increasing. This should be of concern to all taxing jurisdictions, including the City, when planning future debt issues.

General Government Operations
Overlapping Bonded Debt to Taxable Assessed Valuation

Formula: Long-Term Overlapping Bonded Debt/Taxable Assessed Valuation

Warning Trend: Increasing trend line



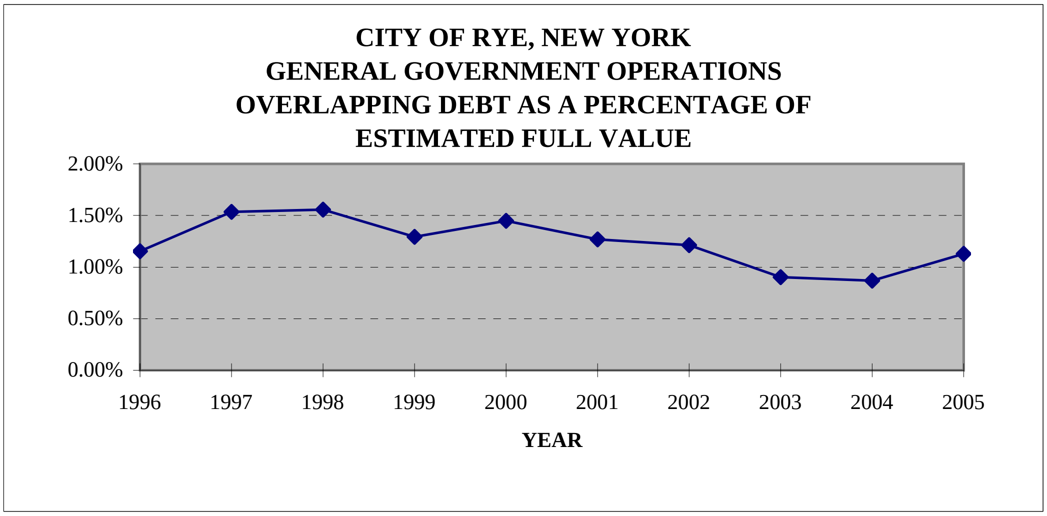
Year	Overlapping Bonded Debt	Taxable Assessed Valuation	Percent
1996	$22,644,696	$128,172,616	17.67%
1997	$30,406,003	$129,240,016	23.53%
1998	$31,053,089	$130,261,141	23.84%
1999	$31,090,224	$130,271,093	23.87%
2000	$40,713,463	$131,559,102	30.95%
2001	$39,976,242	$132,432,299	30.19%
2002	$42,714,645	$133,384,128	32.02%
2003	$42,615,261	$134,674,171	31.64%
2004	$44,281,289	$134,574,950	32.90%
2005	$59,230,087	$135,880,847	43.59%

Overlapping long-term debt as a percentage of taxable assessed valuation measures the ability of other governments to tax our property owners for the repayment of outstanding debt. The ratio jumped to 43% due to bonds issued in 2005 by the Rye City School District. While this is not a cause for immediate concern, a continuing increase in the trend may signal a need for the various local governments (county, school districts and city) to coordinate their efforts in terms of long-term financing initiatives.

General Government Operations
Overlapping Bonded Debt to Estimated Full Valuation

Formula: Long-Term Overlapping Bonded Debt/Estimated Full Valuation

Warning Trend: Increasing trend line



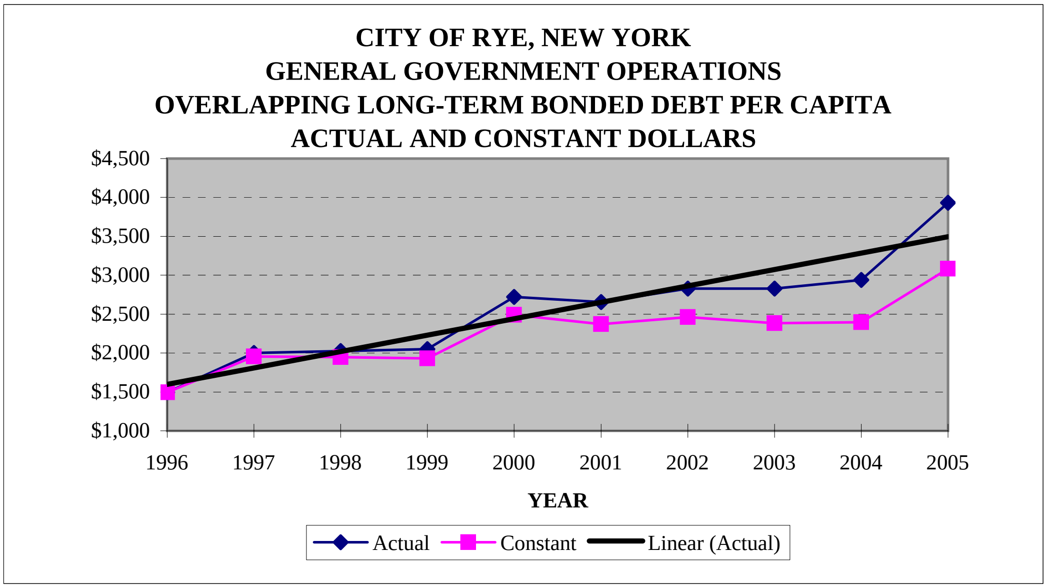
Year	Overlapping Bonded Debt	Taxable Assessed Valuation	State Equalization Rate	Estimated Full Value	Percent Actual
1996	$22,644,696	$128,172,616	6.53%	$1,962,827,198	1.15%
1997	$30,406,003	$129,240,016	6.53%	$1,979,173,292	1.54%
1998	$31,053,089	$130,261,141	6.53%	$1,994,810,735	1.56%
1999	$31,090,224	$130,271,093	5.42%	$2,403,525,701	1.29%
2000	$40,713,463	$131,559,102	4.68%	$2,811,091,923	1.45%
2001	$39,976,242	$132,432,299	4.20%	$3,153,149,976	1.27%
2002	$42,714,645	$133,384,128	3.79%	$3,519,370,132	1.21%
2003	$42,615,261	$134,674,171	2.85%	$4,725,409,509	0.90%
2004	$44,281,289	$134,574,950	2.64%	$5,097,535,985	0.87%
2005	$59,230,087	$135,880,847	2.59%	$5,246,364,749	1.13%

Overlapping long-term debt as a percentage of estimated full value is another indicator of debt burden. In 2005 this ratio moved slightly upward (a negative trend).

General Government Operations
Net Direct Bonded Overlapping Debt Per Capita

Formula: Net Direct Bonded Overlapping Debt/Population

Warning Trend: Increasing trend line



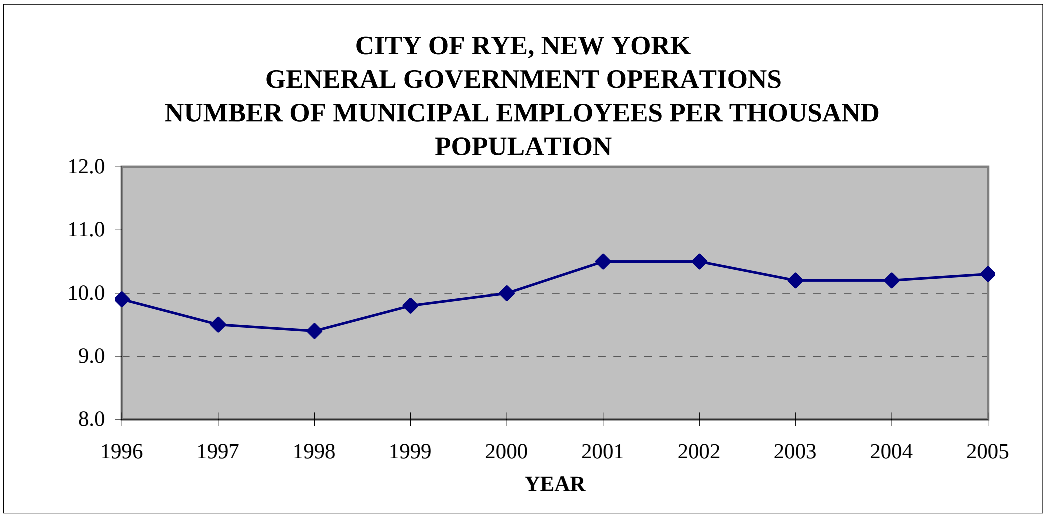
Year	CPI-U	Population	Net Direct Long-Term Debt	Constant Dollars	Debt Per Capita Actual	Debt Per Capita Constant
1996	166.9	15,164	$22,644,696	$22,644,696	$1,493	$1,493
1997	170.8	15,208	$30,406,003	$29,711,721	$1,999	$1,954
1998	173.6	15,326	$31,053,089	$29,854,611	$2,026	$1,948
1999	177.0	15,176	$31,090,224	$29,316,149	$2,049	$1,932
2000	182.5	14,955	$40,713,463	$37,233,298	$2,722	$2,490
2001	187.1	15,046	$39,976,242	$35,660,261	$2,657	$2,370
2002	191.9	15,095	$42,714,645	$37,149,944	$2,830	$2,461
2003	197.8	15,074	$42,615,261	$35,957,973	$2,827	$2,385
2004	204.8	15,067	$44,281,289	$36,086,656	$2,939	$2,395
2005	212.7	15,067	$59,230,087	$46,476,265	$3,931	$3,085

Overlapping long-term debt per capita is another indicator of debt burden, this time on a "per person" basis. The trend is an increasing one, similar to our other debt burden indicators and trends. It is interesting to note that while the debt per capita has risen in actual dollars over the ten-year trend period, in terms of inflation-adjusted dollars the trend has remained flat the five years preceding the Rye City School District's 2005 bond issue.

General Government Operations
Municipal Employees Per Capita

Formula: Number of Municipal Employees/Population

Warning Trend: Increasing trend line



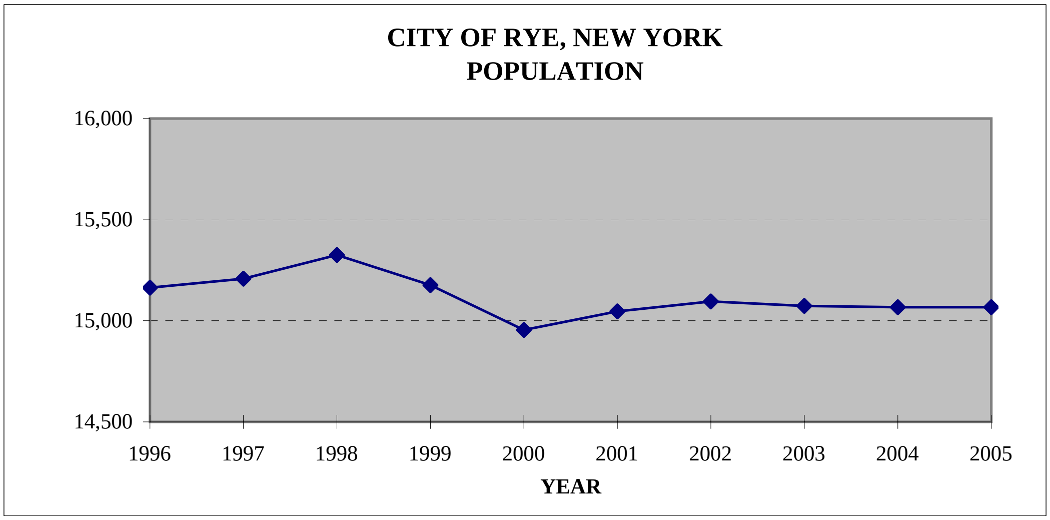
Year	Municipal Employees	Population	Employees Per Thousand Population
1996	150.5	15,164	9.9
1997	144.5	15,208	9.5
1998	143.5	15,326	9.4
1999	149.0	15,176	9.8
2000	150.0	14,955	10.0
2001	157.5	15,046	10.5
2002	158.5	15,095	10.5
2003	153.5	15,074	10.2
2004	153.5	15,067	10.2
2005	155.0	15,067	10.3

For purposes of this indicator, municipal employees are defined as full time employees actually in service at year end as recorded in our Annual Budget document. An increasing trend in the number of full time employees may foretell expenditures rising faster than revenues, a government that is becoming more labor intensive, and/or a reduction in employee productivity. Our ratio shows a stable trend working within a very narrow range of approximately 10 employees per thousand population for the entire ten-year trend period.

General Government Operations
Population

Formula: Estimated Population per the U.S. Census Bureau

Warning Trend: Decreasing trend line



Year	Population
1996	15,164
1997	15,208
1998	15,326
1999	15,176
2000	14,955
2001	15,046
2002	15,095
2003	15,074
2004	15,067
2005	15,067

Changes in population may require us to reconsider the level of programs and services we offer, and the ability of our community to fund such programs and services. Our population figures are per the U.S. Census Bureau, using their Census 2000 count for the year 2000 and their published population estimates as of July 1 for all other years. Our population has remained around 15,000 for the entire ten-year trend period.

Boat Basin Enterprise Fund

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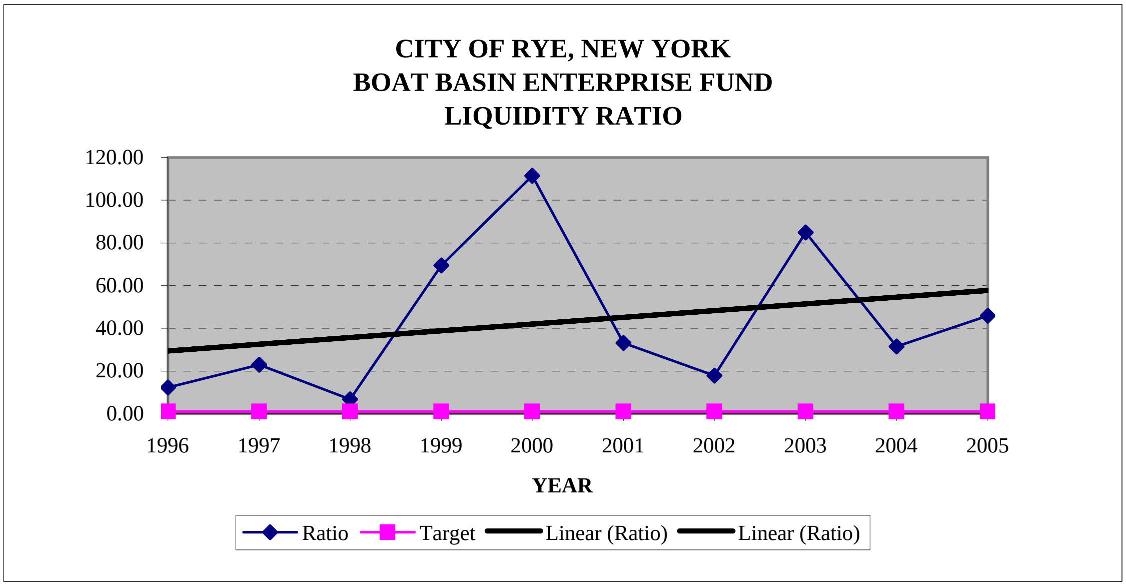
Boat Basin Enterprise Fund
Liquidity Ratio

Formula: Cash and Short-Term Investments/Current Liabilities

Warning Trend: Decreasing trend line



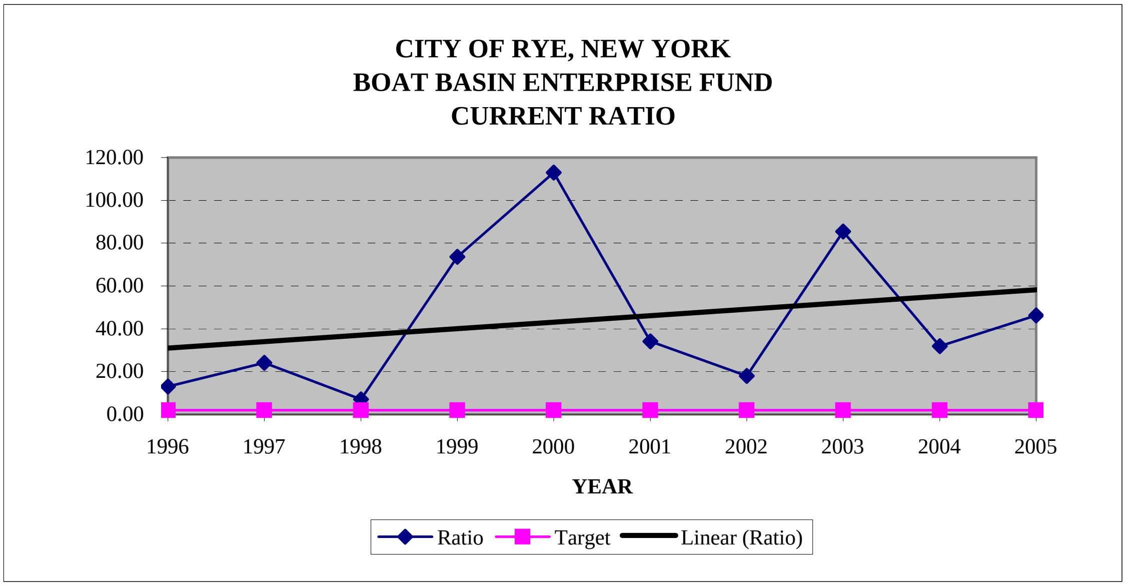
Year	Cash and Short-Term Investments	Current Liabilities	Liquidity Ratio	Target
1996	$396,664	$32,135	12.34	1.00
1997	$462,289	$20,111	22.99	1.00
1998	$590,554	$88,025	6.71	1.00
1999	$451,772	$6,511	69.39	1.00
2000	$652,261	$5,850	111.50	1.00
2001	$815,860	$24,658	33.09	1.00
2002	$957,007	$53,578	17.86	1.00
2003	$961,458	$11,322	84.92	1.00
2004	$1,069,788	$33,964	31.50	1.00
2005	$1,237,262	$26,919	45.96	1.00

The liquidity ratio of the Boat Basin Fund remains very strong. Several years of this indicator show a dramatically high (positive) ratio, the result of substantial cash and short-term investments, with minimal current liabilities at the December 31 balance sheet date.

Boat Basin Enterprise Fund
Current Ratio

Formula: Current Assets/Current Liabilities

Warning Trend: Decreasing trend line



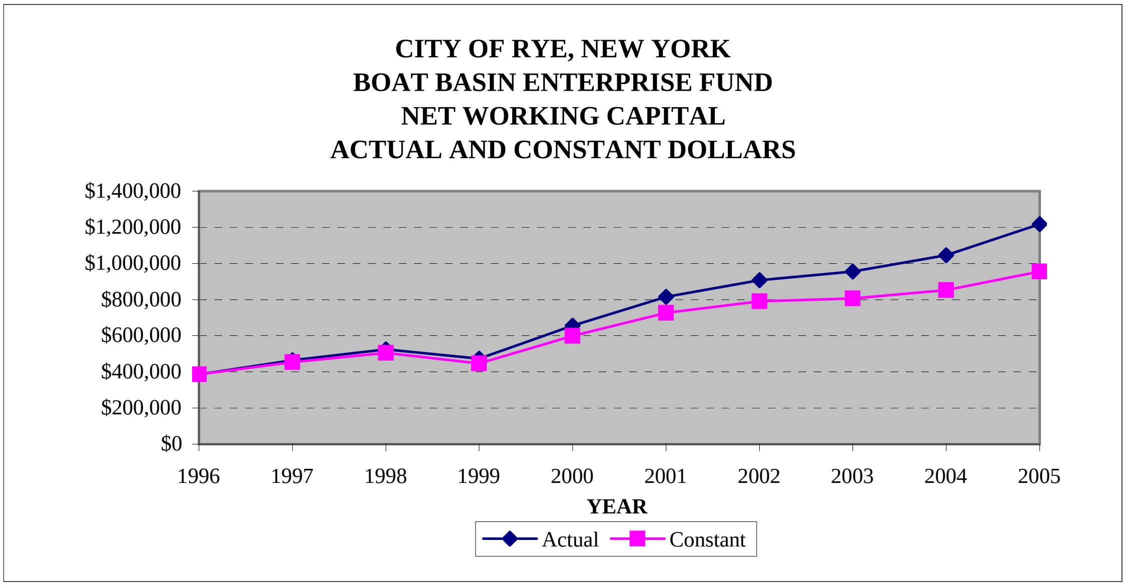
Year	Current Assets	Current Liabilities	Current Ratio	Target
1996	$418,920	$32,135	13.04	2.00
1997	$484,996	$20,111	24.12	2.00
1998	$612,875	$88,025	6.96	2.00
1999	$479,762	$6,511	73.68	2.00
2000	$660,790	$5,850	112.96	2.00
2001	$839,922	$24,658	34.06	2.00
2002	$961,719	$53,578	17.95	2.00
2003	$967,301	$11,322	85.44	2.00
2004	$1,080,216	$33,964	31.80	2.00
2005	$1,245,245	$26,919	46.26	2.00

As with the liquidity ratio, the current ratio of the Boat Basin Fund is also very strong, having a positive ratio far beyond normal expectations. Like the liquidity ratio, several years display a high ratio as the result of substantial current assets against minimal current liabilities at year end.

Boat Basin Enterprise Fund
Net Working Capital

Formula: Current Assets - Current Liabilities

Warning Trend: Decreasing trend line



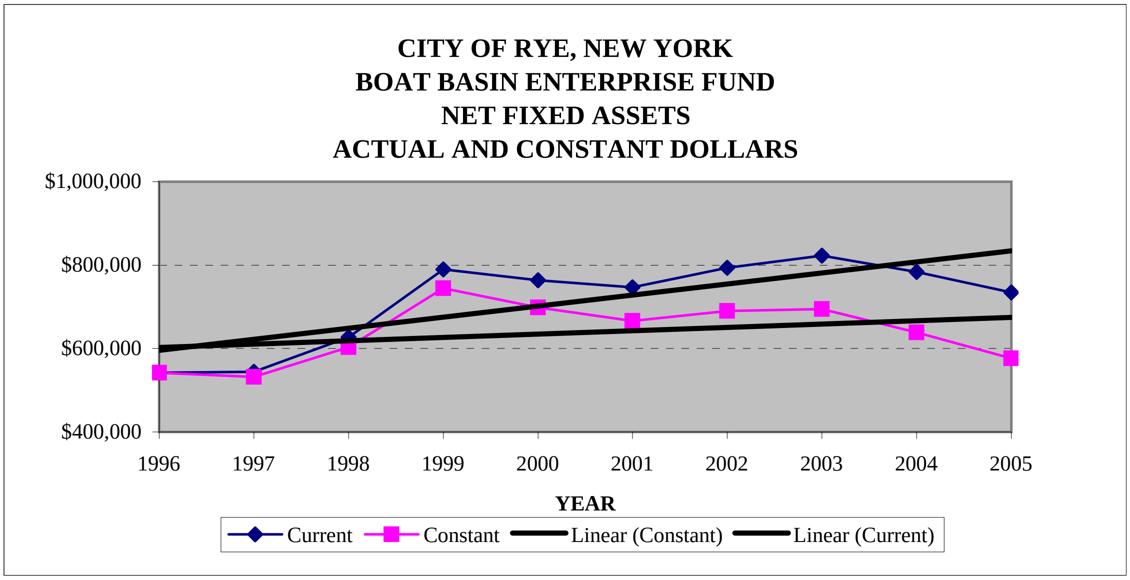
Year	CPI-U	Current Assets	Current Liabilities	Net Working Capital Actual	Net Working Capital Constant
1996	166.9	$418,920	$32,135	$386,785	$386,785
1997	170.8	$484,996	$20,111	$464,885	$454,270
1998	173.6	$612,875	$88,025	$524,850	$504,594
1999	177.0	$479,762	$6,511	$473,251	$446,246
2000	182.5	$660,790	$5,850	$654,940	$598,956
2001	187.1	$839,922	$24,658	$815,264	$727,245
2002	191.9	$961,719	$53,578	$908,141	$789,832
2003	197.8	$967,301	$11,322	$955,979	$806,637
2004	204.8	$1,080,216	$33,964	$1,046,252	$852,634
2005	212.7	$1,245,245	$26,919	$1,218,326	$955,988

Net working capital is defined as current assets less current liabilities, and is another measure of our ability to pay off current amounts due with currently available funds and liquid assets. The 2005 actual dollar net working capital exceeds any of the previous nine years, and the trend is a positive one.

Boat Basin Enterprise Fund
Net Fixed Assets

Formula: Fixed Assets - Accumulated Depreciation

Warning Trend: Decreasing trend line



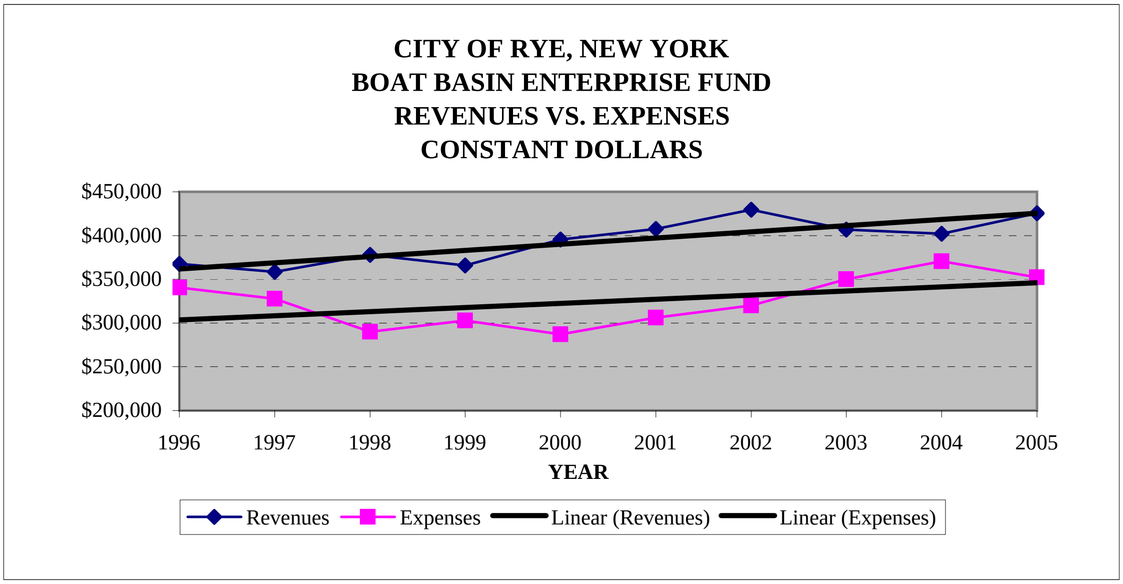
Year	CPI-U	Fixed Assets	Accumulated Depreciation	Net Fixed Assets Current	Net Fixed Assets Constant
1996	166.9	$854,243	$312,015	$542,228	$542,228
1997	170.8	$916,539	$372,090	$544,449	$532,017
1998	173.6	$1,030,059	$402,795	$627,264	$603,055
1999	177.0	$1,232,489	$443,037	$789,452	$744,404
2000	182.5	$1,243,791	$479,773	$764,018	$698,710
2001	187.1	$1,256,891	$510,234	$746,657	$666,045
2002	191.9	$1,356,044	$562,508	$793,536	$690,157
2003	197.8	$1,448,422	$625,361	$823,061	$694,484
2004	204.8	$1,473,672	$690,211	$783,461	$638,475
2005	212.7	$1,489,930	$755,228	$734,702	$576,501

Net fixed assets are defined as fixed assets (land, buildings, improvements, equipment and machinery, and construction in progress) less accumulated depreciation. This indicator measures our commitment to replacing such assets when they are no longer cost-effective to operate and maintain, or are obsolete. The trend last eight years of the trend period shows a relatively level trend, indicating that we are maintaining our investment in these important assets.

Boat Basin Enterprise Fund
Net Operating Revenues vs. Net Operating Expenses

Formula: Net Operating Revenues; Net Operating Expenses

Warning Trend: Decreasing distance between trend lines



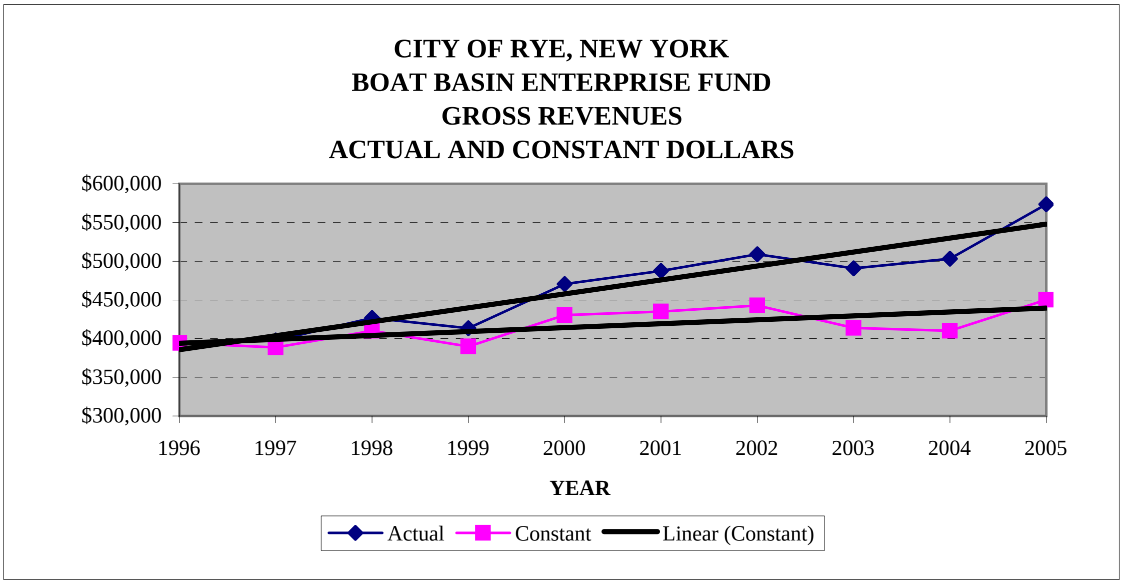
Year	CPI-U	Actual Revenues	Actual Expenses	Constant Revenues	Constant Expenses
1996	166.9	$367,803	$340,486	$367,803	$340,486
1997	170.8	$367,013	$335,471	$358,633	$327,811
1998	173.6	$392,956	$301,545	$377,790	$289,907
1999	177.0	$387,843	$321,000	$365,712	$302,683
2000	182.5	$432,455	$314,011	$395,489	$287,170
2001	187.1	$456,686	$343,146	$407,381	$306,099
2002	191.9	$493,792	$367,920	$429,463	$319,989
2003	197.8	$482,094	$414,987	$406,782	$350,158
2004	204.8	$493,151	$454,811	$401,889	$370,644
2005	212.7	$542,397	$448,997	$425,604	$352,316

Within the trend timeline, revenues of the Boat Basin have always been above expenses. In some years the difference between them was greater than in other years. The variability of weather conditions can have a dramatic effect on Boat Basin operations. Good weather can bring higher revenues and lower expenses, while inclement weather can result in lower revenues and higher expenses. The linear trend lines for revenues and expenditures clearly shows that despite interperiod variances, the trend is a (positive) spread.

Boat Basin Enterprise Fund
Gross Revenues

Formula: Operating Revenues + Non-Operating Revenues

Warning Trend: Decreasing trend line



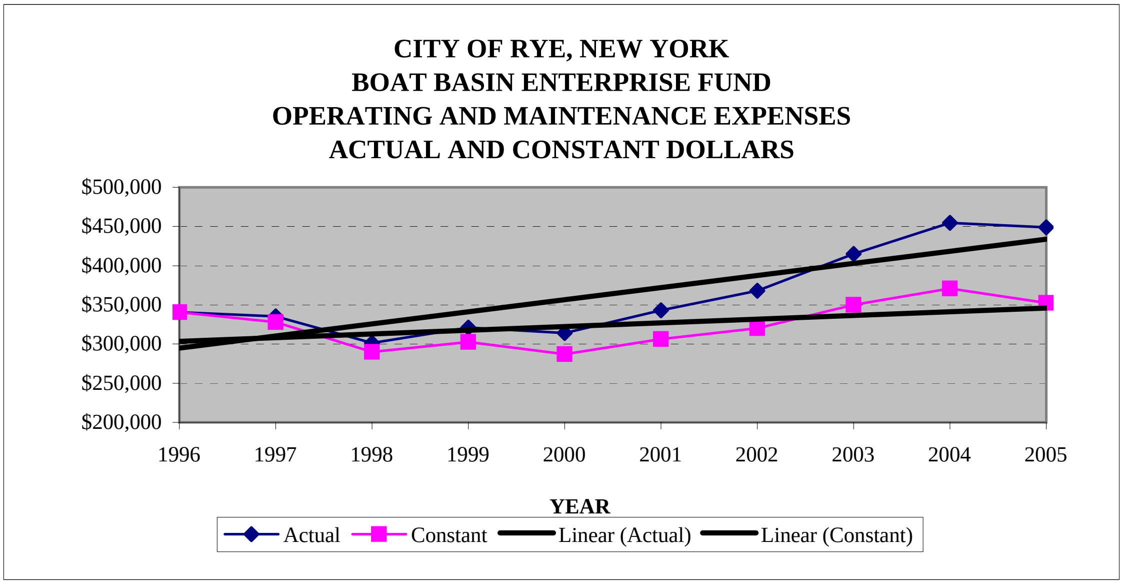
Year	CPI-U	Gross Revenues Actual	Gross Revenues Constant
1996	166.9	$394,521	$394,521
1997	170.8	$397,609	$388,530
1998	173.6	$426,724	$410,255
1999	177.0	$413,421	$389,830
2000	182.5	$470,494	$430,276
2001	187.1	$487,541	$434,904
2002	191.9	$508,997	$442,687
2003	197.8	$490,605	$413,963
2004	204.8	$503,204	$410,082
2005	212.7	$573,707	$450,173

Gross revenues are defined as all revenues, including charges for services, miscellaneous items, and interest income. Gross revenues are shown in actual and inflation-adjusted dollars. While the trend lines for both actual and constant dollars are positive, the upward trend line in constant dollars is far less dramatic than the one in actual dollars. This indicates that we must consider the impact of inflation when establishing fees and charges.

Boat Basin Enterprise Fund
Operating and Maintenance Expenses

Formula: Operating and Maintenance Expenses

Warning Trend: Increasing trend line



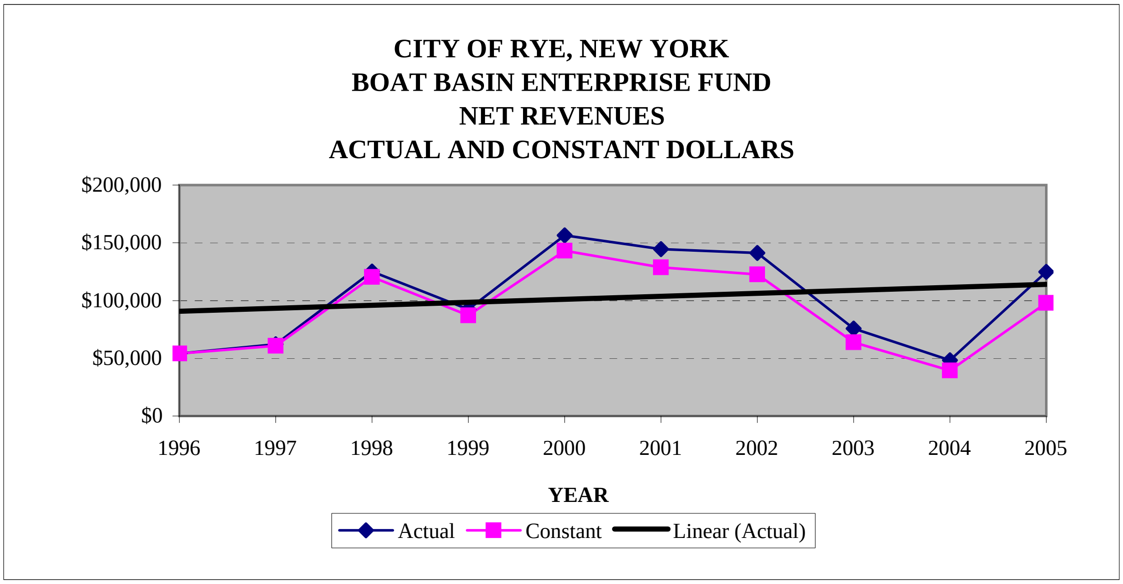
Year	CPI-U	Operating Expenses Actual	Operating Expenses Constant
1996	166.9	$340,486	$340,486
1997	170.8	$335,471	$327,811
1998	173.6	$301,545	$289,907
1999	177.0	$321,000	$302,683
2000	182.5	$314,011	$287,170
2001	187.1	$343,146	$306,099
2002	191.9	$367,920	$319,989
2003	197.8	$414,987	$350,158
2004	204.8	$454,811	$370,644
2005	212.7	$448,997	$352,316

Operating and maintenance expenses are defined as all expenses related to the operation and maintenance of an enterprise, including salaries and wages, employee benefits, materials and supplies, contractual costs, interest expense and depreciation. Operating and maintenance expenses are shown both in actual and constant dollars. Our actual trend shows a minimal decrease in 2005, following increases in the five years prior.

Boat Basin Enterprise Fund
Net Revenues

Formula: Gross Revenues - Operating and Maintenance Expenses

Warning Trend: Decreasing trend line



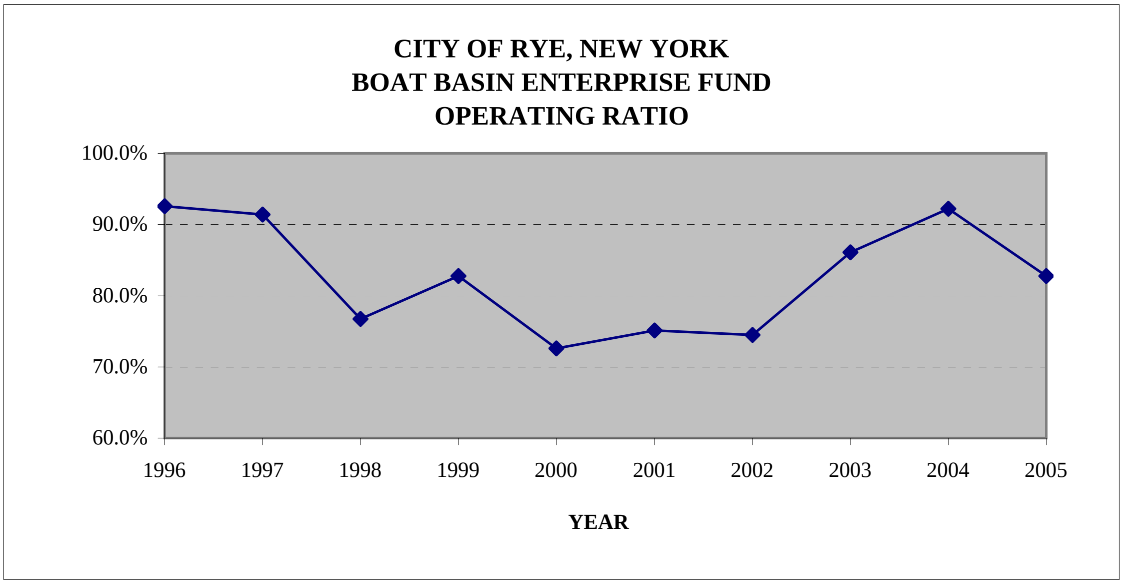
Year	CPI-U	Net Revenues Actual	Net Revenues Constant
1996	166.9	$54,035	$54,035
1997	170.8	$62,138	$60,719
1998	173.6	$125,179	$120,348
1999	177.0	$92,421	$87,147
2000	182.5	$156,483	$143,107
2001	187.1	$144,395	$128,806
2002	191.9	$141,079	$122,700
2003	197.8	$75,618	$63,805
2004	204.8	$48,393	$39,437
2005	212.7	$124,710	$97,857

Net revenues are defined as all revenues less operating and maintenance expenses, and is also known as net income. This indicator measures our efficiency at covering expenses with revenue, and an upward trend is a positive one. Our overall trend has remained flat over the entire trend period. We should analyze our fees and charges to determine if they are appropriate in terms of their relationship to costs.

Boat Basin Enterprise Fund
Operating Ratio

Formula: Operating and Maintenance Expenses/Operating Revenues

Warning Trend: Increasing trend line



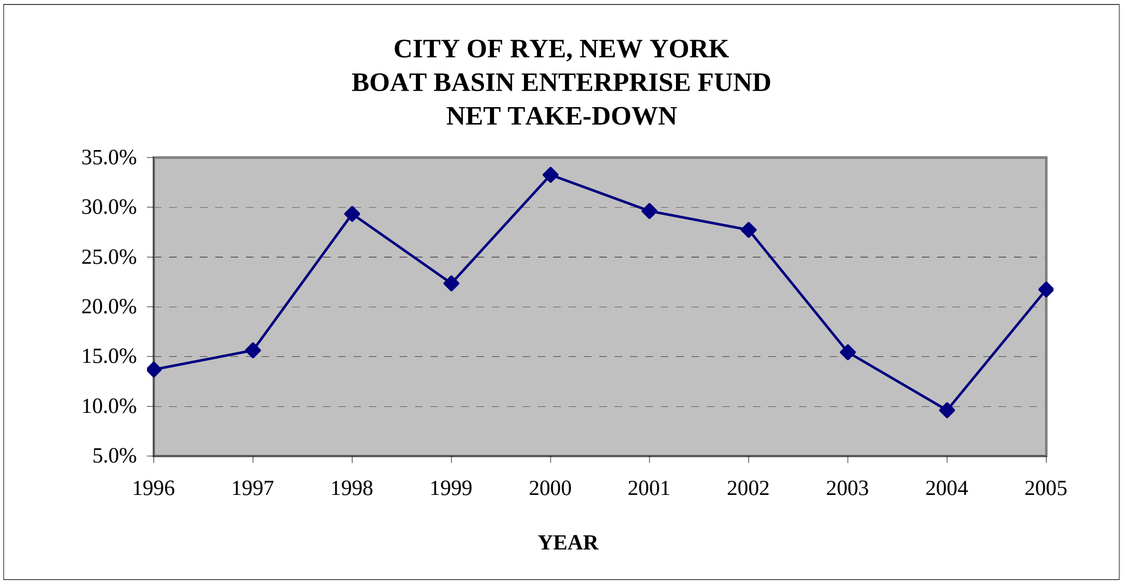
Year	Operating Expenses	Operating Revenues	Net Operating Ratio
1996	$340,486	$367,803	92.6%
1997	$335,471	$367,013	91.4%
1998	$301,545	$392,956	76.7%
1999	$321,000	$387,843	82.8%
2000	$314,011	$432,455	72.6%
2001	$343,146	$456,686	75.1%
2002	$367,920	$493,792	74.5%
2003	$414,987	$482,094	86.1%
2004	$454,811	$493,151	92.2%
2005	$448,997	$542,397	82.8%

Operating ratio is defined as the operating and maintenance expenses divided by operating revenues, and is another way of measuring operating results. A decreasing trend is a positive trend, and over the long run our trend has been relatively flat.

Boat Basin Enterprise Fund
Net Take-Down

Formula: Net Revenues/Gross Revenues

Warning Trend: Decreasing trend line



Year	Net Revenues	Gross Revenues	Net Take-down Ratio
1996	$54,035	$394,521	13.7%
1997	$62,138	$397,609	15.6%
1998	$125,179	$426,724	29.3%
1999	$92,421	$413,421	22.4%
2000	$156,483	$470,494	33.3%
2001	$144,395	$487,541	29.6%
2002	$141,079	$508,997	27.7%
2003	$75,618	$490,605	15.4%
2004	$48,393	$503,204	9.6%
2005	$124,710	$573,707	21.7%

Net take-down is defined as net revenues to gross revenues. Increasing net take-down is a positive trend. The overall trend of our Boat Basin had been flat.

Golf Club Enterprise Fund

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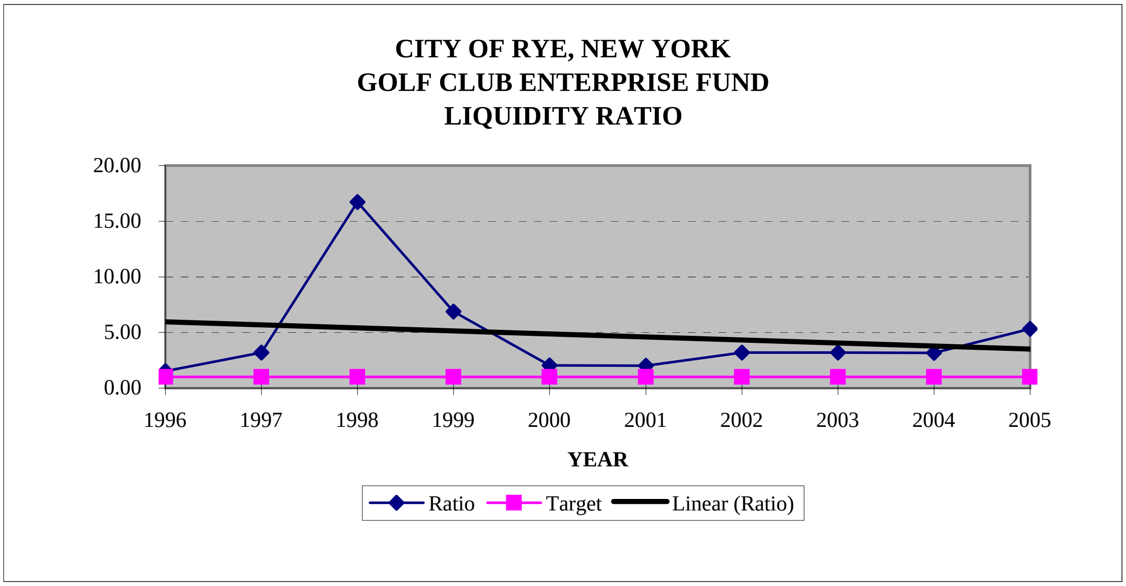
Golf Club Enterprise Fund
Liquidity Ratio

Formula: Cash and Short-Term Investments/Current Liabilities

Warning Trend: Decreasing trend line



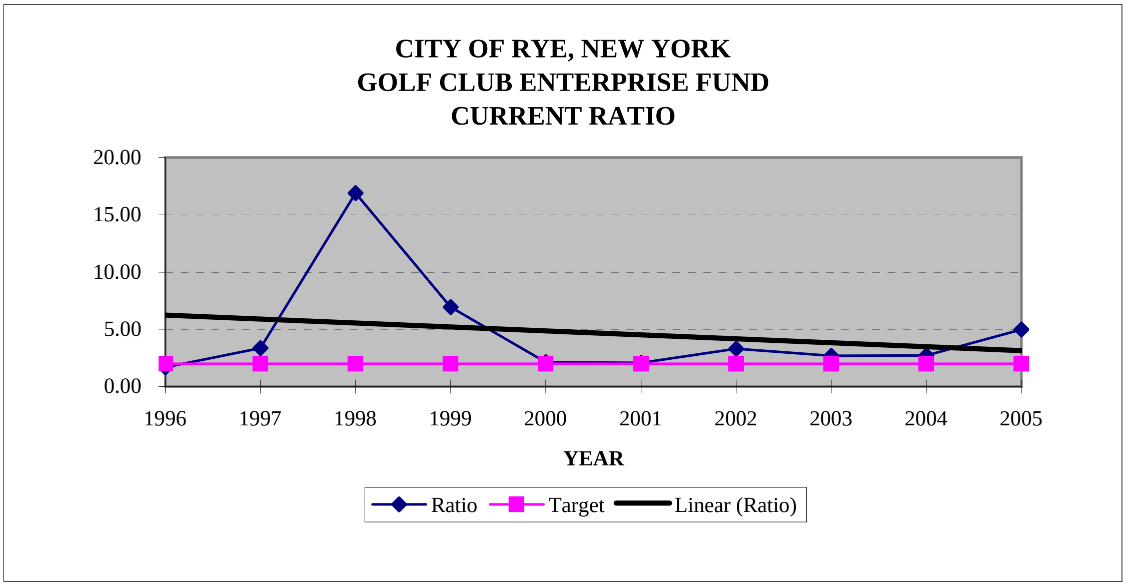
Year	Cash and Short-Term Investments	Current Liabilities	Liquidity Ratio	Target
1996	$315,074	$205,597	1.53	1.00
1997	$574,617	$179,118	3.21	1.00
1998	$6,118,653	$366,062	16.71	1.00
1999	$5,666,428	$823,439	6.88	1.00
2000	$2,003,693	$980,331	2.04	1.00
2001	$1,062,265	$528,821	2.01	1.00
2002	$1,515,054	$472,982	3.20	1.00
2003	$1,745,809	$544,406	3.21	1.00
2004	$2,090,596	$662,402	3.16	1.00
2005	$2,513,221	$471,507	5.33	1.00

Liquidity for the Golf Club has remained above target for the entire trend period.. The dramatic jump in 1998 reflects the receipt of cash related to our 1998 Series A and B bond proceeds. Excluding the bond proceeds from the calculation would still have resulted in a positive ratio of almost 2:1. As seen in the chart, the ratio continues in its upward trend, ending the year 2005 at a level of over 5:1.

Golf Club Enterprise Fund
Current Ratio

Formula: Current Assets/Current Liabilities

Warning Trend: Decreasing trend line



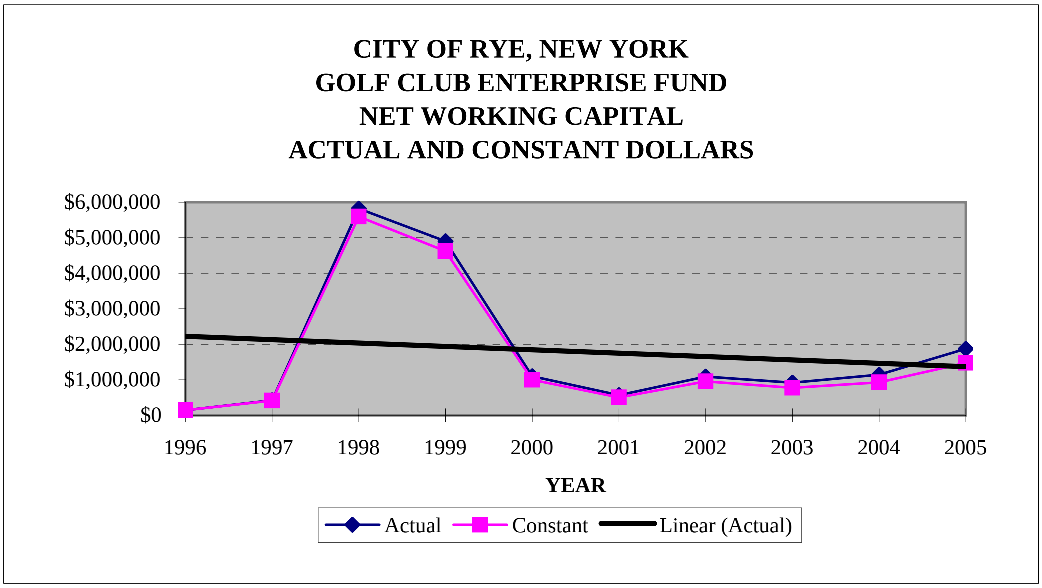
Year	Current Assets	Current Liabilities	Current Ratio	Target
1996	$347,082	$205,597	1.69	2.00
1997	$600,573	$179,118	3.35	2.00
1998	$6,185,103	$366,062	16.90	2.00
1999	$5,723,764	$823,439	6.95	2.00
2000	$2,074,976	$980,331	2.12	2.00
2001	$1,097,533	$528,821	2.08	2.00
2002	$1,566,274	$472,982	3.31	2.00
2003	$1,462,964	$544,406	2.69	2.00
2004	$1,804,456	$662,402	2.72	2.00
2005	$2,348,901	$471,507	4.98	2.00

The current ratio for the Golf Club met its target in 1997. As with the liquidity ratio, the dramatic jump in 1998 is attributed to the 1998 Series A and B bond proceeds, and exclusive of the bond proceeds the ratio would still have remained a positive 2.14:1.

Golf Club Enterprise Fund
Net Working Capital

Formula: Current Assets - Current Liabilities

Warning Trend: Decreasing trend line



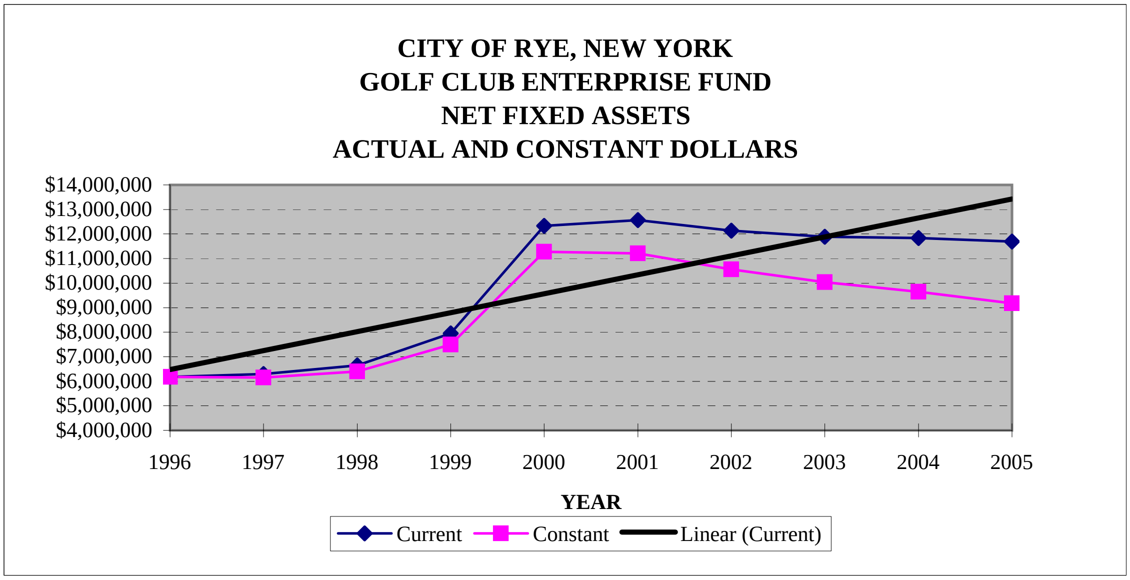
Year	CPI-U	Current Assets	Current Liabilities	Net Working Capital Actual	Net Working Capital Constant
1996	166.9	$347,082	$205,597	$141,485	$141,485
1997	170.8	$600,573	$179,118	$421,455	$411,832
1998	173.6	$6,185,103	$366,062	$5,819,041	$5,594,458
1999	177.0	$5,723,764	$823,439	$4,900,325	$4,620,702
2000	182.5	$2,074,976	$980,331	$1,094,645	$1,001,075
2001	187.1	$1,097,533	$528,821	$568,712	$507,312
2002	191.9	$1,566,274	$472,982	$1,093,292	$950,862
2003	197.8	$1,462,964	$544,406	$918,558	$775,062
2004	204.8	$1,804,456	$662,402	$1,142,054	$930,707
2005	212.7	$2,348,901	$471,507	$1,877,394	$1,473,141

Net working capital is defined as current assets less current liabilities, and is another measure of our ability to pay off current amounts due with currently available funds and liquid assets. The Golf Club has had a positive net working capital position for the entire trend period. While there is a spike in 1998 and 1999 due to the receipt of the 1998 serial bond proceeds, the trend has otherwise slowly increased since 2000.

Golf Club Enterprise Fund
Net Fixed Assets

Formula: Fixed Assets - Accumulated Depreciation

Warning Trend: Decreasing trend line



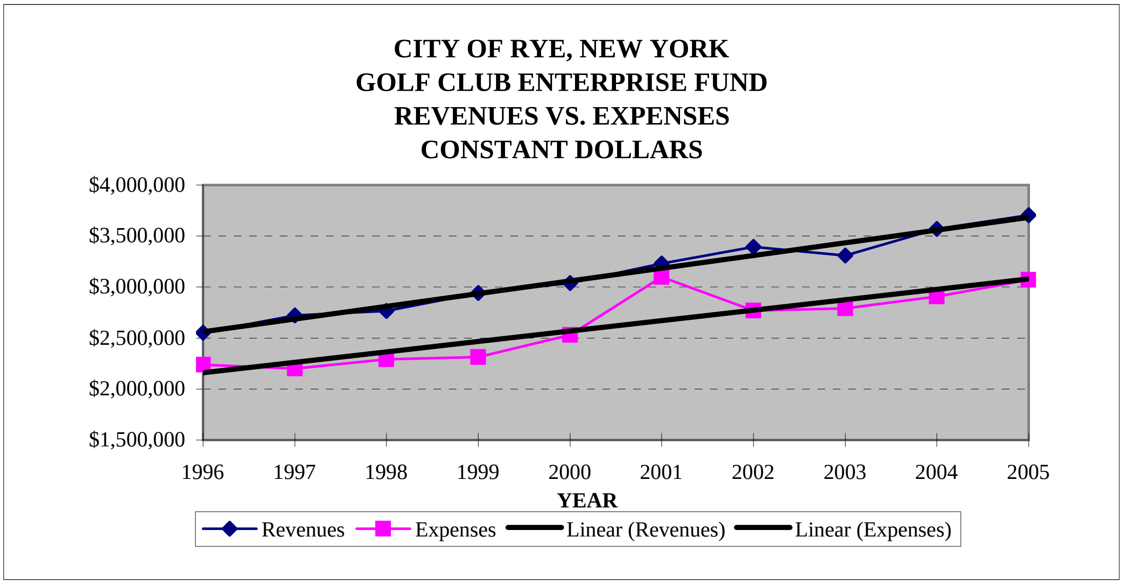
Year	CPI-U	Fixed Assets	Accumulated Depreciation	Net Fixed Assets Current	Net Fixed Assets Constant
1996	166.9	$8,131,160	$1,958,203	$6,172,957	$6,172,957
1997	170.8	$8,526,479	$2,228,236	$6,298,243	$6,154,431
1998	173.6	$9,190,108	$2,537,012	$6,653,096	$6,396,323
1999	177.0	$10,819,235	$2,871,717	$7,947,518	$7,494,016
2000	182.5	$15,539,026	$3,212,841	$12,326,185	$11,272,549
2001	187.1	$15,746,414	$3,181,727	$12,564,687	$11,208,157
2002	191.9	$15,774,556	$3,639,270	$12,135,286	$10,554,347
2003	197.8	$15,766,198	$3,879,102	$11,887,096	$10,030,113
2004	204.8	$16,165,613	$4,335,963	$11,829,650	$9,640,472
2005	212.7	$16,494,253	$4,803,901	$11,690,352	$9,173,106

Net fixed assets are defined as fixed assets (land, buildings, equipment, and construction in progress) less accumulated depreciation. This indicator measures our commitment to replacing such assets when they are no longer cost-effective to operate and maintain or are obsolete. The trend line indicates a major positive trend through 2000, representing a number of capital improvements to the golf course and facilities that came into service during the trend period. Since 2000 the trend has moved slowly downward, an indication that we should consider a more aggressive approach to maintaining Golf Club facilities and grounds.

Golf Club Enterprise Fund
Net Operating Revenues vs. Net Operating Expenses

Formula: Net Operating Revenues; Net Operating Expenses

Warning Trend: Decreasing distance between trend lines



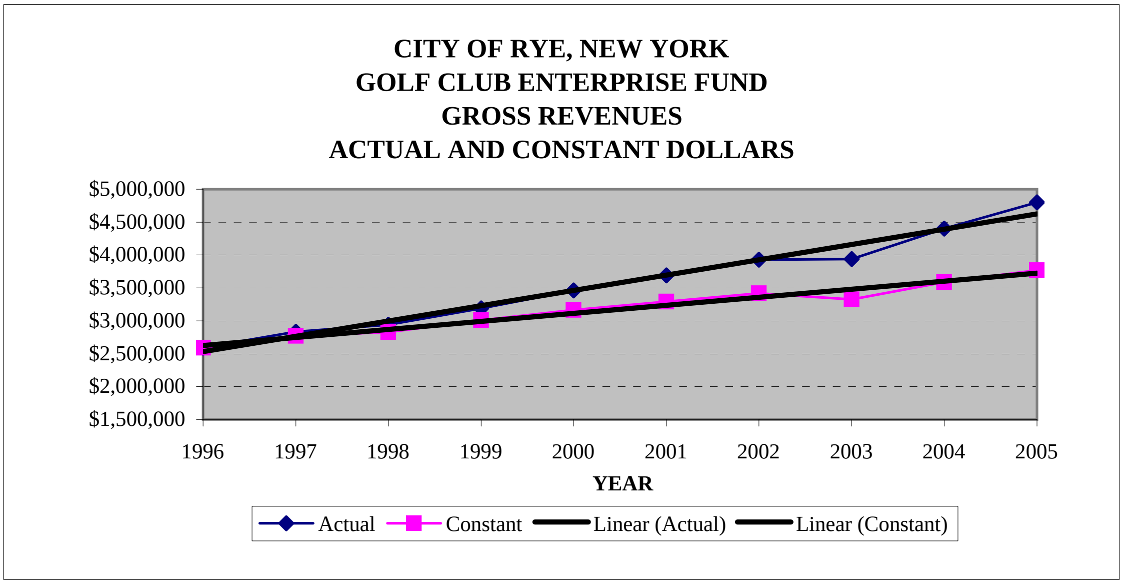
Year	CPI-U	Actual Revenues	Actual Expenses	Constant Revenues	Constant Expenses
1996	166.9	$2,552,223	$2,238,339	$2,552,223	$2,238,339
1997	170.8	$2,785,165	$2,251,765	$2,721,569	$2,200,349
1998	173.6	$2,876,329	$2,382,686	$2,765,319	$2,290,727
1999	177.0	$3,118,902	$2,452,587	$2,940,931	$2,312,637
2000	182.5	$3,324,320	$2,766,308	$3,040,159	$2,529,846
2001	187.1	$3,621,291	$3,473,176	$3,230,323	$3,098,199
2002	191.9	$3,901,304	$3,185,040	$3,393,057	$2,770,105
2003	197.8	$3,922,787	$3,308,738	$3,309,975	$2,791,852
2004	204.8	$4,378,899	$3,566,701	$3,568,546	$2,906,652
2005	212.7	$4,723,373	$3,911,137	$3,706,304	$3,068,965

Net operating revenues compared to net operating expenses of the Golf Club have been on an increasingly positive trend. This is an indication that our revenues are keeping pace with expenses. Our fees and charges should continue to be set at rates that reflect our commitment to a sound profit margin.

Golf Club Enterprise Fund
Gross Revenues

Formula: Operating Revenues + Non-Operating Revenues

Warning Trend: Decreasing trend line



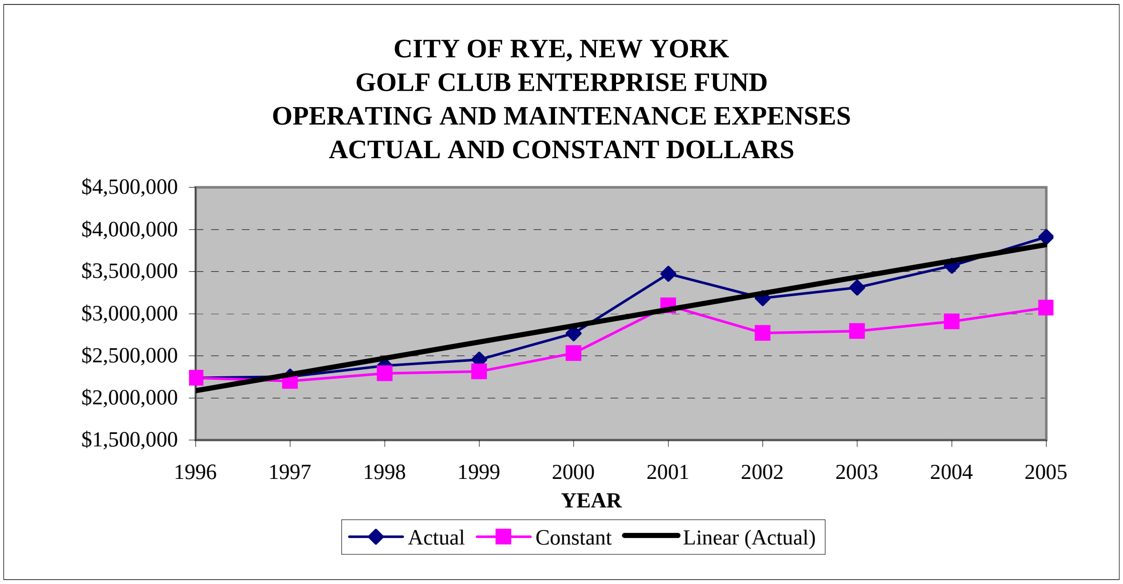
Year	CPI-U	Gross Revenues Actual	Gross Revenues Constant
1996	166.9	$2,589,189	$2,589,189
1997	170.8	$2,833,582	$2,768,881
1998	173.6	$2,941,891	$2,828,350
1999	177.0	$3,191,484	$3,009,371
2000	182.5	$3,459,579	$3,163,856
2001	187.1	$3,691,753	$3,293,178
2002	191.9	$3,928,570	$3,416,771
2003	197.8	$3,939,988	$3,324,489
2004	204.8	$4,401,479	$3,586,947
2005	212.7	$4,801,415	$3,767,542

Gross revenues are defined as all revenues, including charges for services, miscellaneous items, and interest income. Gross revenues are shown in actual and inflation-adjusted dollars. Gross revenues have been on a steady increase at the Golf Club, indicating a fee structure that ensures a sound revenue stream.

Golf Club Enterprise Fund
Operating and Maintenance Expenses

Formula: Operating and Maintenance Expenses

Warning Trend: Increasing trend line



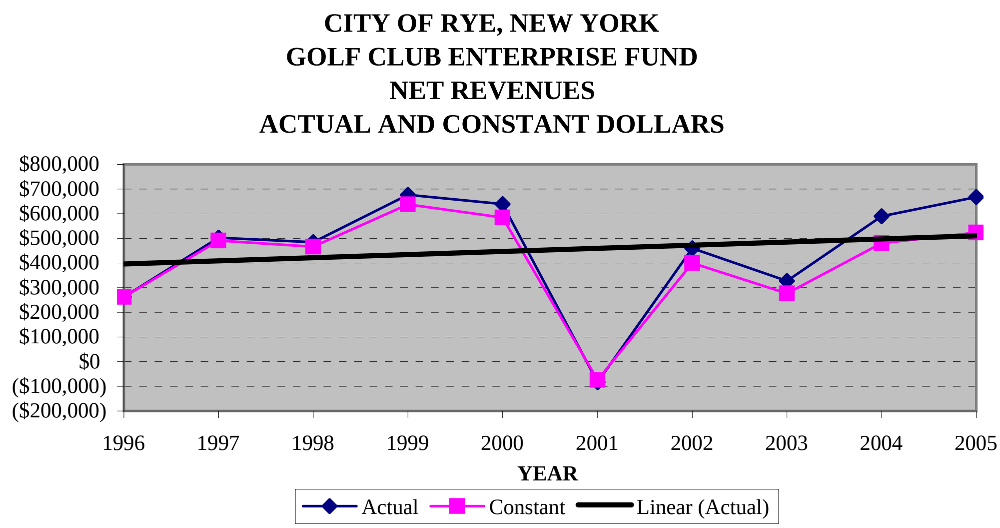
Year	CPI-U	Operating Expenses Actual	Operating Expenses Constant
1996	166.9	$2,238,339	$2,238,339
1997	170.8	$2,251,765	$2,200,349
1998	173.6	$2,382,686	$2,290,727
1999	177.0	$2,452,587	$2,312,637
2000	182.5	$2,766,308	$2,529,846
2001	187.1	$3,473,176	$3,098,199
2002	191.9	$3,185,040	$2,770,105
2003	197.8	$3,308,738	$2,791,852
2004	204.8	$3,566,701	$2,906,652
2005	212.7	$3,911,137	$3,068,965

Operating and maintenance expenses are defined as all expenses related to the operation and maintenance of an enterprise, including salaries and wages, employee benefits, materials and supplies, contractual costs, interest expense and depreciation. Golf Club operating and maintenance expenses show an upward trend.

Golf Club Enterprise Fund
Net Revenues

Formula: Gross Revenues - Operating and Maintenance Expenses

Warning Trend: Decreasing trend line



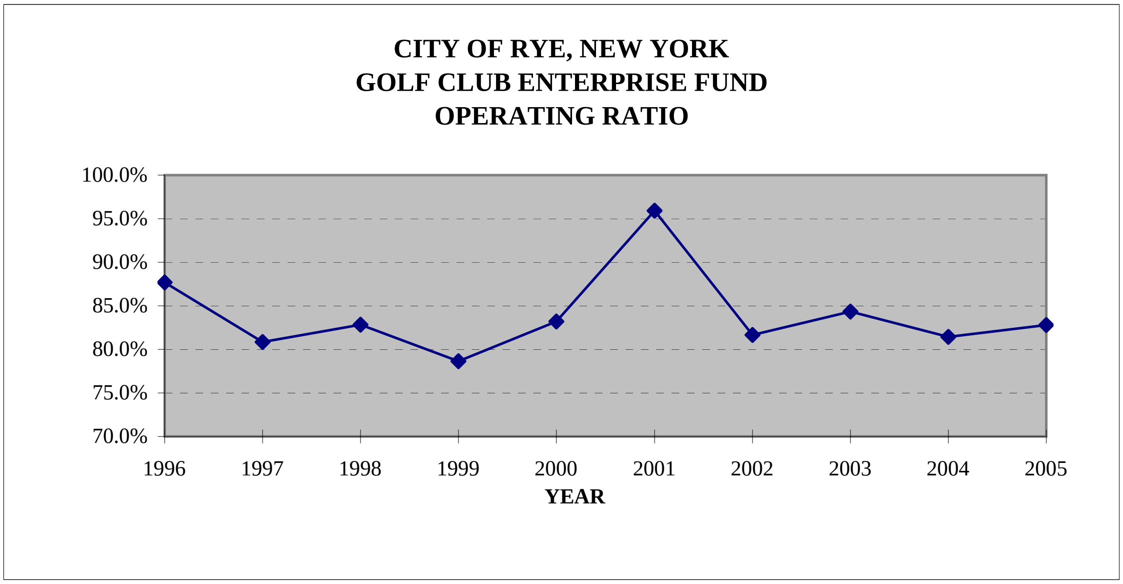
Year	CPI-U	Net Revenues Actual	Net Revenues Constant
1996	166.9	$262,913	$262,913
1997	170.8	$502,254	$490,786
1998	173.6	$485,039	$466,319
1999	177.0	$676,456	$637,856
2000	182.5	$639,205	$584,566
2001	187.1	($82,579)	($73,663)
2002	191.9	$459,680	$399,795
2003	197.8	$327,398	$276,252
2004	204.8	$589,307	$480,251
2005	212.7	$667,684	$523,914

Net revenues, also known as net income, is defined as all revenues less operating and maintenance expenses. This indicator measures our efficiency at covering expenses with revenue, and an upward trend is a positive one. Net revenues of the Golf Club were in a upward trend for the first half of the trend period, but have remained flat in the last five years. Care should be taken to ensure that the negative results of fiscal 2001 are not repeated and that future years show a return to a positive upward trend.

Golf Club Enterprise Fund
Operating Ratio

Formula: Operating and Maintenance Expenses/Operating Revenues

Warning Trend: Increasing trend line



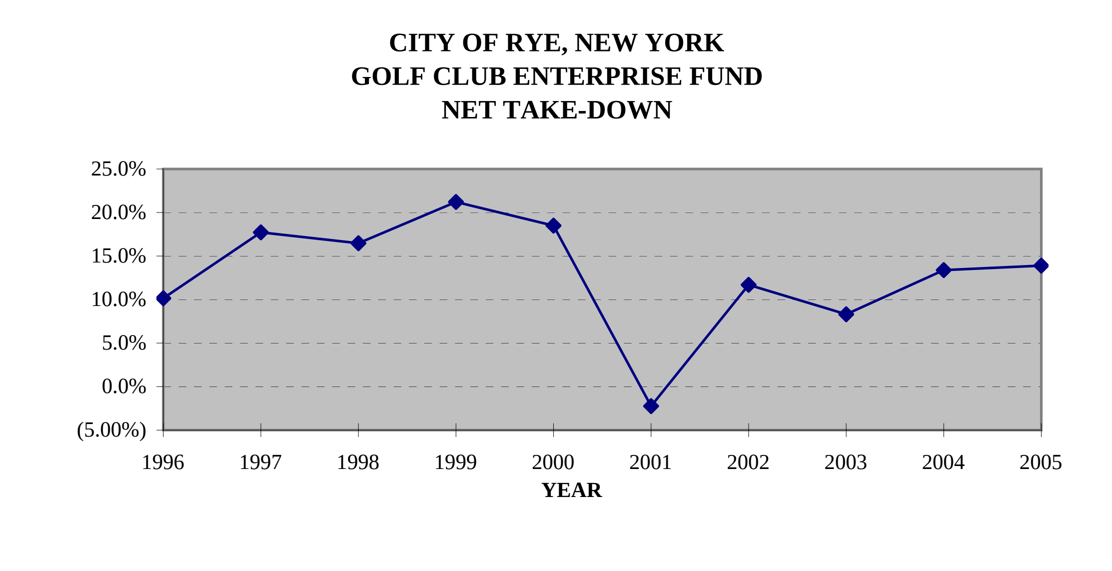
Year	Operating Expenses	Operating Revenues	Net Operating Ratio
1996	$2,238,339	$2,552,223	87.7%
1997	$2,251,765	$2,785,165	80.8%
1998	$2,382,686	$2,876,329	82.8%
1999	$2,452,587	$3,118,902	78.6%
2000	$2,766,308	$3,324,320	83.2%
2001	$3,473,176	$3,621,291	95.9%
2002	$3,185,040	$3,901,304	81.6%
2003	$3,308,738	$3,922,787	84.3%
2004	$3,566,701	$4,378,899	81.5%
2005	$3,911,137	$4,723,373	82.8%

Operating ratio is defined as the operating and maintenance expenses divided by operating revenues, and is another way of measuring operating results. A decreasing trend is a positive trend. The Golf Club's has been on a positive, but inconsistent, trend downward. The downward trend indicates that less of our revenue is required to cover our operating and maintenance expenses. Future operations should be monitored closely with a goal of achieving a consistent downward (positive) trend.

Golf Club Enterprise Fund
Net Take-Down

Formula: Net Revenues/Gross Revenues

Warning Trend: Decreasing trend line



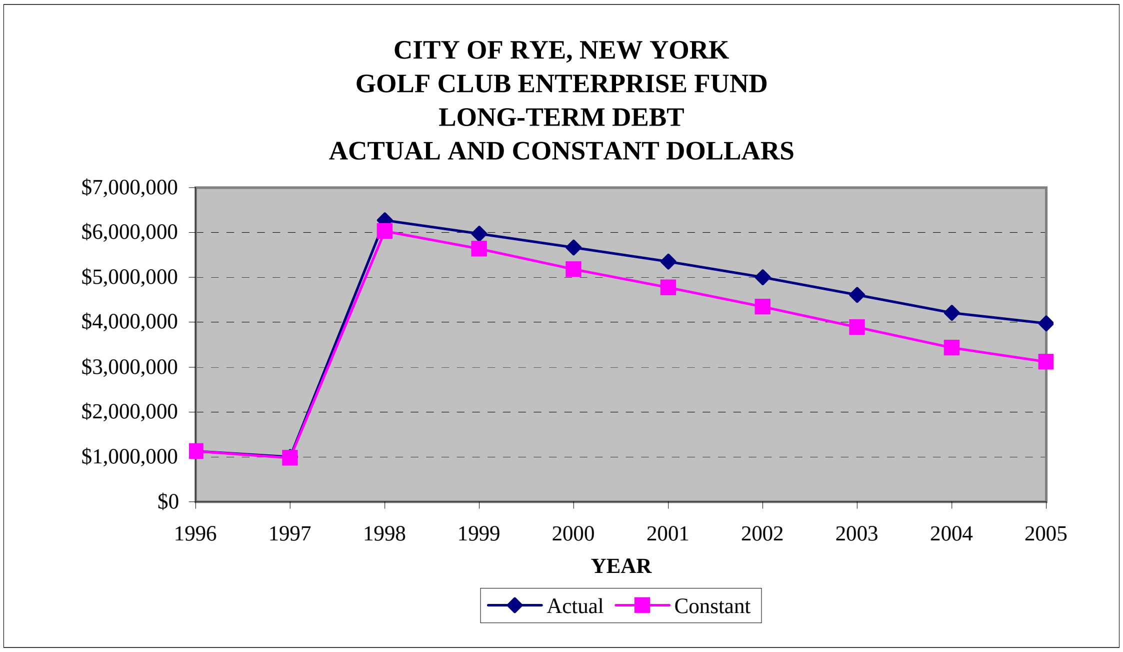
Year	Net Revenues	Gross Revenues	Net Take-down Ratio
1996	$262,913	$2,589,189	10.2%
1997	$502,254	$2,833,582	17.7%
1998	$485,039	$2,941,891	16.5%
1999	$676,456	$3,191,484	21.2%
2000	$639,205	$3,459,579	18.5%
2001	($82,579)	$3,691,753	(2.24%)
2002	$459,680	$3,928,570	11.7%
2003	$327,398	$3,939,988	8.3%
2004	$589,307	$4,401,479	13.4%
2005	$667,684	$4,801,415	13.9%

Net take-down is defined as net revenues to gross revenues. Increasing net take-down is a positive trend. Our Golf Club net take-down shows a flat trend with significant interperiod variation. Fiscal 2001 resulted in a negative net take-down, an indication that action had to be taken to increase our profit margin. We should develop future revenues in a way that will ensure a continued positive upward trend.

Golf Club Enterprise Fund
Long-Term Debt

Formula: Current and Non-Current Long-Term Debt

Warning Trend: Increasing trend line



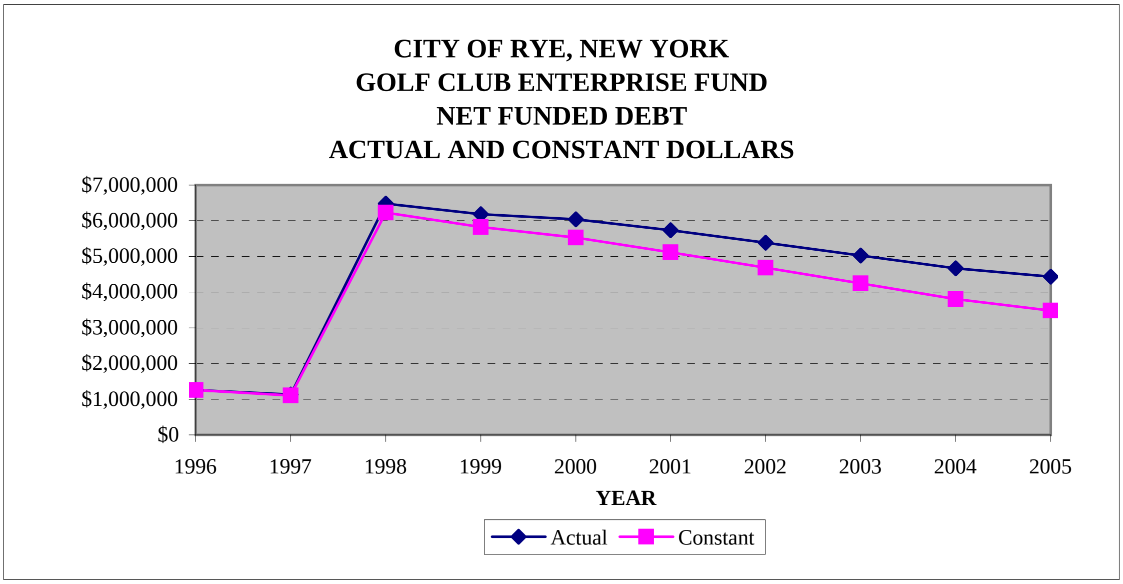
Year	CPI-U	Long-Term Debt Actual	Long-Term Debt Constant
1996	166.9	$1,125,000	$1,125,000
1997	170.8	$1,000,000	$977,166
1998	173.6	$6,275,000	$6,032,820
1999	177.0	$5,975,000	$5,634,054
2000	182.5	$5,665,000	$5,180,759
2001	187.1	$5,350,000	$4,772,394
2002	191.9	$5,000,000	$4,348,619
2003	197.8	$4,610,000	$3,889,833
2004	204.8	$4,210,000	$3,430,903
2005	212.7	$3,975,000	$3,119,076

Long-term debt was on the decline at the Golf Club until 1998, when $5,400,000 was issued in the 1998 Series A and B serial bonds. Since then no new debt has been issued, and long-term debt is once again in a declining (positive) trend.

Golf Club Enterprise Fund
Net Funded Debt

Formula: Long-Term Debt + Accrued Interest Payable

Warning Trend: Increasing trend line



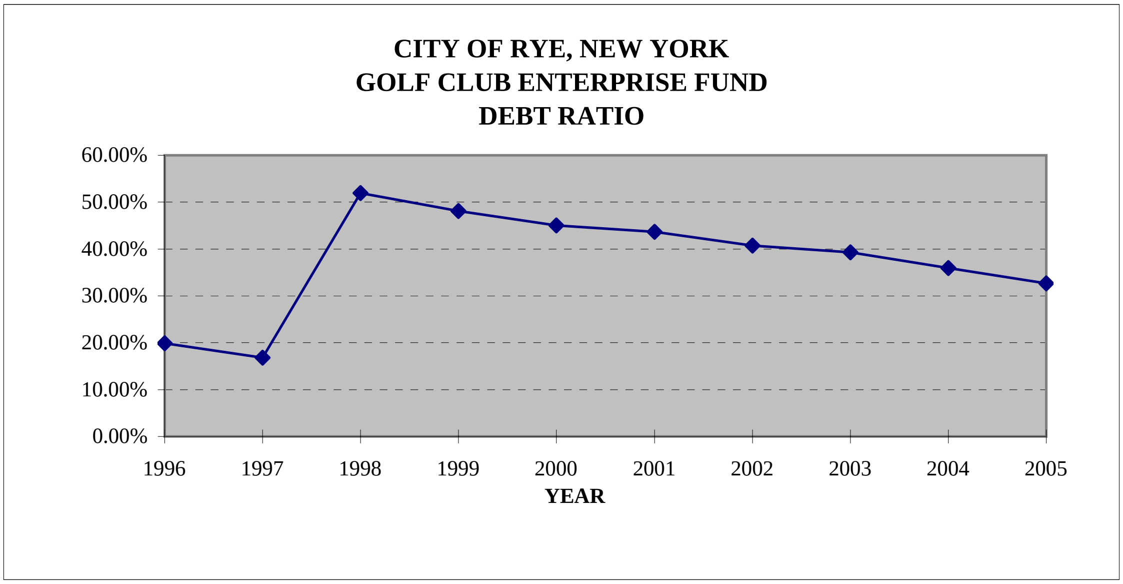
Year	CPI-U	Net Funded Debt Actual	Net Funded Debt Constant
1996	166.9	$1,253,671	$1,253,671
1997	170.8	$1,128,304	$1,102,541
1998	173.6	$6,480,022	$6,229,929
1999	177.0	$6,179,650	$5,827,026
2000	182.5	$6,041,831	$5,525,379
2001	187.1	$5,733,847	$5,114,800
2002	191.9	$5,385,802	$4,684,160
2003	197.8	$5,027,528	$4,242,136
2004	204.8	$4,664,884	$3,801,607
2005	212.7	$4,436,418	$3,481,139

Net funded debt is defined as long-term debt plus accrued interest payable, less any amount applicable to such debt in a debt service fund and/or a debt reserve fund. The Golf Club does not have a debt service or debt reserve fund for its outstanding debt, and the net funded debt is higher than long-term debt due to debt interest accrued through December 31 of each year. As with long-term debt, net funded debt was on a decline until we issued the 1998 Series A and B bonds. Since no new debt has been issued since 1998, the trend is once again declining.

Golf Club Enterprise Fund
Debt Ratio

Formula: Net Funded Debt/Net Fixed Assets + Net Working Capital

Warning Trend: Increasing trend line



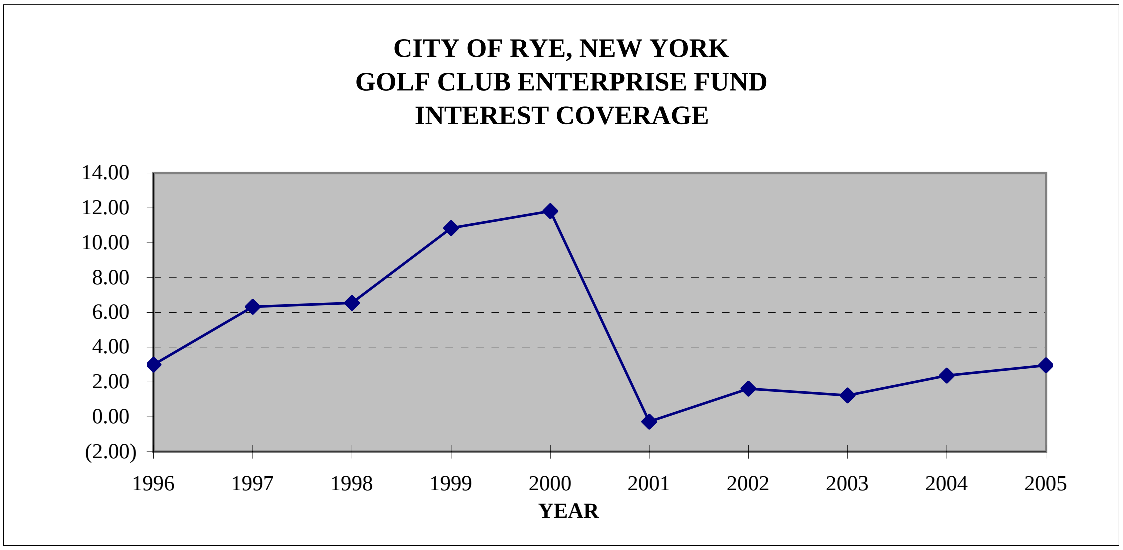
Year	Net Funded Debt	Net Fixed Assets	Net Working Capital	Debt Ratio
1996	$1,253,671	$6,172,957	$141,485	19.85%
1997	$1,128,304	$6,298,243	$421,455	16.79%
1998	$6,480,022	$6,653,096	$5,819,041	51.96%
1999	$6,179,650	$7,947,518	$4,900,325	48.10%
2000	$6,041,831	$12,326,185	$1,094,645	45.02%
2001	$5,733,847	$12,564,687	$568,712	43.66%
2002	$5,385,802	$12,135,286	$1,093,292	40.71%
2003	$5,027,528	$11,887,096	$918,558	39.26%
2004	$4,664,884	$11,829,650	$1,142,054	35.96%
2005	$4,436,418	$11,690,352	$1,877,394	32.70%

As with our outstanding debt indicators, the debt ratio was on a decline until 1998. With the issuance of the 1998 Series A and B serial bonds, the ratio jumped to 52%, but has been declining since.

Golf Club Enterprise Fund
Interest Coverage

Formula: Net Revenues/Debt Interest

Warning Trend: Decreasing trend line



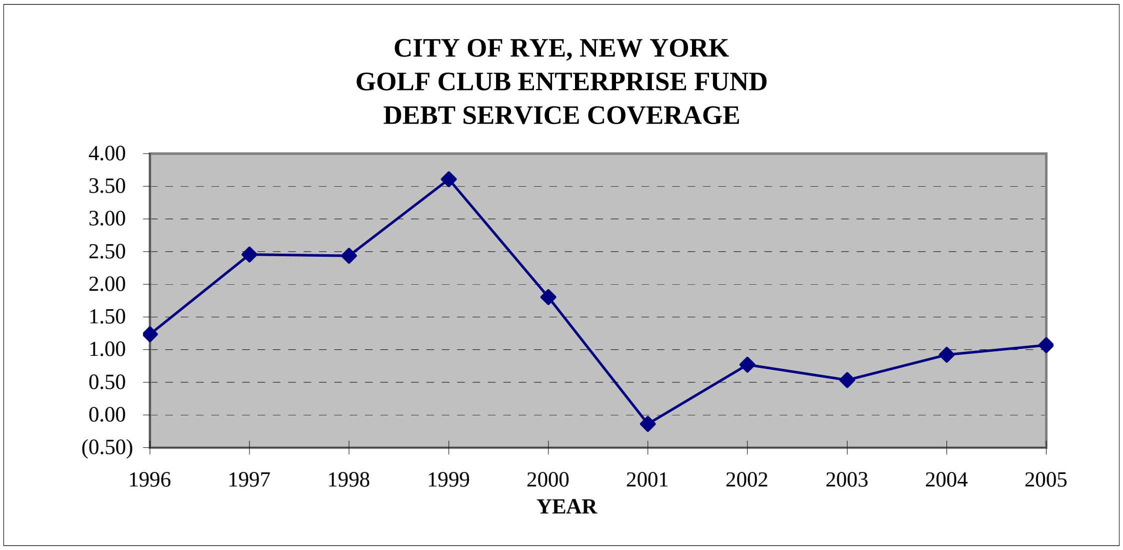
Year	Net Revenues	Debt Interest	Interest Coverage
1996	$262,913	$87,937	2.99
1997	$502,254	$79,563	6.31
1998	$485,039	$74,166	6.54
1999	$676,456	$62,441	10.83
2000	$639,205	$54,066	11.82
2001	($82,579)	$301,156	(0.27)
2002	$459,680	$283,850	1.62
2003	$327,398	$265,329	1.23
2004	$589,307	$248,117	2.38
2005	$667,684	$226,060	2.95

Debt interest coverage for the Golf Club over the ten-year trend period is flat, rising through fiscal 2000, dropping precipitously in 2001 due to negative net income that year, and rising since then. This indicates the importance of ensuring that future results show a positive net income. Assuming no new debt is issued, debt interest coverage would be expected to increase as debt interest costs decrease and net income increases.

Golf Club Enterprise Fund
Debt Service Coverage

Formula: Net Revenues/Debt Principal + Debt Interest

Warning Trend: Decreasing trend line



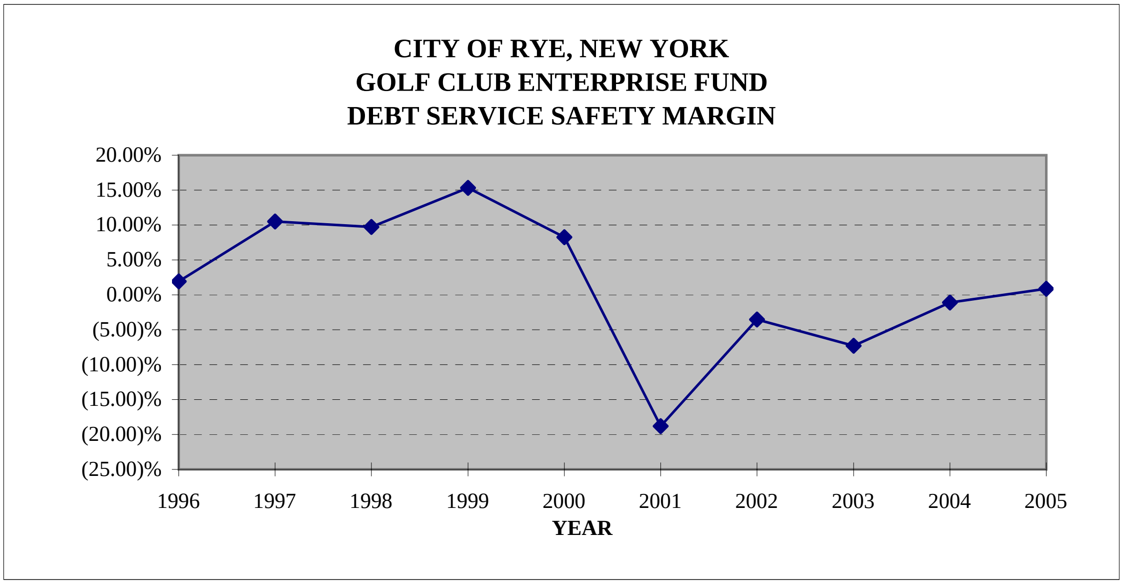
Year	Net Revenues	Debt Service	Debt Service Coverage
1996	$262,913	$212,937	1.23
1997	$502,254	$204,563	2.46
1998	$485,039	$199,166	2.44
1999	$676,456	$187,441	3.61
2000	$639,205	$354,066	1.81
2001	($82,579)	$611,156	(0.14)
2002	$459,680	$598,850	0.77
2003	$327,398	$615,329	0.53
2004	$589,307	$638,117	0.92
2005	$667,684	$626,060	1.07

Debt service coverage for the Golf Club clearly warns us of a negative trend. As in the debt interest coverage indicator, the fiscal 2001 negative operating results contributed to a decline in debt service coverage in that year, and the results since then do not display a strong return to a positive trend. Future budgets and operations must address this issue in order to avoid negative long-term consequences.

Golf Club Enterprise Fund
Debt Service Safety Margin

Formula: Net Revenues - Debt Service Requirements/Gross Revenues + Income

Warning Trend: Decreasing trend line



Year	Net Revenues	Debt Service	Gross Revenues	Debt Service Safety Margin
1996	$262,913	$212,937	$2,589,189	1.93%
1997	$502,254	$204,563	$2,833,582	10.51%
1998	$485,039	$199,166	$2,941,891	9.72%
1999	$676,456	$187,441	$3,191,484	15.32%
2000	$639,205	$354,066	$3,459,579	8.24%
2001	($82,579)	$611,156	$3,691,753	(18.79)%
2002	$459,680	$598,850	$3,928,570	(3.54)%
2003	$327,398	$615,329	$3,939,988	(7.31)%
2004	$589,307	$638,117	$4,401,479	(1.11)%
2005	$667,684	$626,060	$4,801,415	0.87%

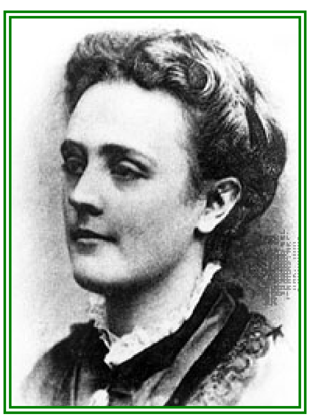
The debt service safety margin measures the "cushion" we have to cover debt service. It considers our net income, less debt service requirements, and divides this by our total income. An increasing safety margin is a positive trend. Our Golf Club margin has remained flat over the trend period. As noted in other indicators, we must ensure sound planning and positive operating results if we wish to preserve our ability to meet our debt service requirements.

"To look backward for a while is to refresh the eye, to restore it, and to render it more fit for its prime function of looking forward".

- Margaret Fairless Barber

"Look back over the past, with its changing empires that rose and fell, and you can foresee the future, too".

- Marcus Aurelius
Meditations



"The road was new to me, as roads always are going back".

- Sarah Orne Jewett
The Country Road of Pointed Firs